# ANNUAL FINANCIAL REPORT

## FISCAL YEAR

## 1st JANUARY TO 31st DECEMBER 2019

## According to article 4 of L. 3556/2007


**IKTINOS HELLAS S.A.**

**GREEK MARBLE INDUSTRY TECHNICAL AND TOURISTIC COMPANY**

G.E.MI. Number 000949319001 (AR.M.A.E. 2304/06/B/86/53)

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## 1. Representations of the members of the Board of Directors (According to article 4 § 2 of L. 3556/2007)

The members of the Board of Directors of IKTINOS HELLAS S.A.

1. Chaidas Evangelos, son of Nikolaos, Chairman of the Board of Directors and CEO;
2. Chaida Ioulia, daughter of Evangelos, Vice-President of the Board of Directors;
3. Chaida Anastassia, daughter of Evangelos, Member of the Board of Directors.

Υπό την ως άνω ιδιότητά μας, ειδικώς προς τούτο ορισθέντες από το Διοικητικό Συμβούλιο της Ανώνυμης Εταιρείας με την επωνυμία «ΙΚΤΙΝΟΣ ΕΛΛΑΣ Α.Ε.» δηλώνουμε και βεβαιώνουμε με την παρούσα ότι εξ όσων γνωρίζουμε:

In our abovementioned capacity, specifically appointed for this purpose by the Board of Directors of the Société Anonyme under the corporate name "IKTINOS HELLAS S.A." we hereby state and certify that as far as we know:

a) the attached annual company and consolidated financial statements for the fiscal period 01/01-31/12/2019, which have been prepared in accordance with the applicable accounting standards, provide a true picture of the assets and liabilities, equity and results of the company, as well as of the operations included in the consolidation, taken as a whole and,,

b) the attached Board of Directors' report provides a true picture of the evolution, performance and of the financial position of the company, as well as of the operations included in the consolidation, taken as a whole, including a description of the main risks and uncertainties which they face.

c) the attached annual company and consolidated financial statements are ones approved by the Board of Directors of "IKTINOS HELLAS S.A." on 29 May 2020 and have been published by having been uploaded on the internet, at the www.iktinos.gr website..

**Metamorfosi Attica, 30 May 2020**

**The certifying individuals,**

| The Chairman of the BoD & CEO | The members appointed by the BoD | |
|---|---|---|
| Chaidas Evangelos | Ioulia Chaida | Anastassia Chaida |
| ID No. AE 079957 | ID No. Ξ 371470 | ID No. Ξ 2995 |

## 2. Independent Certified Public Accountant’s Report

To the Shareholders of the Company «**IKTINOS HELLAS SOCIETE ANONYME**»

### *Report on the audit of the company and consolidated financial statements*

***Opinion***

We have audited the attached company and consolidated financial statements of the Company “IKTINOS HELLAS SOCIETE ANONYME” (the “Company”), which consist in the company and consolidated statement of financial position as at 31st December 2018, the company and consolidated comprehensive income statements, statement of changes in equity and statement of cash flows for the fiscal year then ended, as well as a summary of significant accounting principles and methods and other explanatory information.

In our opinion, the attached company and consolidated financial statements present fairly, in all material respects, the financial position of the Company and of its subsidiaries (the Group) as at 31st December 2018, their financial performance and cash flows for the fiscal year then ended, in accordance with International Financial Reporting Standards (IFRS), as these have been adopted by the European Union.

***Basis for Opinion***

We conducted our audit in accordance with the International Standards on Auditing (ISA), as these have been incorporated in Greek Legislation. Our responsibilities under those standards are further described in the paragraph of our report “Auditor’s responsibilities for the audit of the company and consolidated financial statements”. We are independent of the Company and its consolidated subsidiaries throughout the duration of our appointment in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants, as this has been incorporated in Greek Legislation and the ethical requirements that are relevant to our audit of the company and consolidated financial statements in Greece and we have fulfilled our ethical obligations in accordance with the requirements of the applicable legislation and of the aforementioned Code of Ethics. 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 which, in our professional judgment, were of the highest significance in our audit on the company and consolidated financial statements in Greece of the current fiscal year. These matters and the related risks of material misstatement were treated in the context of the audit of the company and consolidated financial statements as a whole for the purpose of forming our opinion thereon and we do not express a separate opinion on these matters.

**Key audit matter**

**Recoverability of trade receivables**

On 31.12.2018, the trade receivables of the Group and of the Company amount to € 7.26 m. and to € 7.36 m. respectively, while the relevant accumulated impairment, as stated in note 10.9 of the financial Statements, amounts to € 1.28 m. and € 0.98 m. respectively for the Group and the Company.

Management evaluates the recoverability of trade receivables of the Group and the Company at the end of each reference period, in order for them to be depicted in their recoverable amount, acknowledging the required credit losses . This process includes important judgments and evaluations in relation to the correct application of IFRS 9 "Financial instruments", which was adopted by the Group on 1.01.2018 through the cumulative effect method.

Given the significance of the value of trade recivables and the degree of judgment and of assessments that were required by the management, we consider this to be one of the most significant audit matters.

The notifications by the Company and the Group in relation to the recognition of impairments of the trade receivables are included in notes 6.3, 7.8, 7.10 and 10.9 of the attached financial statements.

**How the key audit matter was addressed in our audit**

Our audit procedures regarding the evaluation of the recoverability of the trade receivables included, among others:

- Understanding and examining the credit control procedures of the Group as well as the examination of the basic safeguards in relation to granting credit to clients.
- Evaluating the assumptions and of the methodology used by the management to determine the recoverability of the trade receivables or to name them as doubtful.
- Reviewing the response letters of the legal counsel about doubtful receivables they handled during the year and identifying any matters that point to balances from trade receivables that are not recoverable in the future.
- Examining the coming-to-age of the rest of the trade receivables at the end of the fiscal year and identifying any debtors in financial difficulty.
- Evaluating the recoverability of the remainders comparing the amount at the end of the fisal year to subsequent receivables / settlements.
- The evaluation of the effects from the adopation of IFRS 9 in the ending fiscal year, which led to η οποία οδήγησε a corresponding adjustment of the Company's and the Group's accounting policies to address impairment losses on trade receivables.

Evaluating the adequacy of the notifications of the Company and of the Group in the attached financial statements, in relation to the above matter.

**Valuation of inventories**

| | |
|---|---|
| On 31.12.2018 the Group and the Company have inventories amounting to € 19.69 m. and € 18.56 m. respectively.<br>Inventories are valued at the lowest price between the acquisition cost and net realizable value.<br>The provision for the impairment of the value of the inventories is formulated on the basis of assessments by the management as to the actual condition and the possibility to use the inventories, if deemed necessary.<br>We consider that the assessment of the valuation of the inventories of the Group is one of the most significant audit matters as inventories are one of the largest assets of the Company and of the Group.<br>The notifications by the Company and the Group as regards their accounting policy and the assessments and assumptions used in the assessment of the valuation of the inventories, are included in notes 7.9 and 10.8 of the attached financial statements. | Our audit approach included in relation to the valuation of inventories of the Group included among others the following procedures:<br>• Evaluating the assessment of the design and application of the basic safeguards for the management of inventories in the course of following the natural stocktaking at specific warehouses and the conduct of sample counting of inventories.<br>• Examining a sample of inventories in order to confirm the correct calculation of the acquisition cost, according to the purchase invoices and the correct allocation of the production expenses.<br>• Evaluating the assessment of the valuation by comparing the net realizable value of the inventories at the reference date with the inventories' acquisition cost.<br>• Checking the warehouse balance to trace immovable and slowly movable inventories.<br>• Evaluating the adequacy of the of the notifications of the Company and of the Group in the attached financial statements, in relation to the above matter. |

**Company acquisition**

During the year that ended on 31st December 2018, the Company acquired control of "Latirus Enterprises Ltd" through the acquisition of a participation percentage of 79.655%, as mentioned in note 10.4 of the financial statements. On 31st December 2017, the Company already held 20.345% of Latirus Enterprises Ltd's equity interests and consolidated it using the equity method. The value of the transaction amounted to € 14 m. and from which negative goodwill of € 4.36 m. was acknowledged as a profit in the income statement.

In accordance with IFRS 3 "Business Combinations", the acquirer measures in its financial statements the identifiable assets acquired and the liabilities assumed at their fair value at the acquisition date, with some exceptions permitted under this standard.

The measurements mentioned in the previous paragraph require the use of complex valuation techniques, assumptions and estimates.

The Company's disclosures about its accounting policy and judgments and estimates used in the assessment of the acquisition of the subsidiary are included in notes 7.2, 10.4 and 10.5 of the financial statements.

Our audit approach included the following basic procedures:

- Understanding and analyzing the valuation techniques used by the experts to determine fair values and compare them with generally accepted practices.
- Assessment of the reasonable assumptions used, including discount rates, with the participation of specialists.
- Confirmation of the correct accounting of the transaction and numerical calculation of the amounts recognized in the financial statements
- Evaluation of the independence and professional competence of the Group's external experts
- Assessment of the adequacy of the disclosures contained in the notes to the financial statements in relation to this matter.

## Other information

Management is responsible for the other information. The other information which are included in the Annual Financial Report, are the Board of Directors' Management Report, reference to which is made in the "Report on Other Legal and Regulatory Requirements" and the Representations of the Members of the Board of Directors, however, they do not include the financial statements and the audit report on such.
Our opinion on the company and consolidated financial statements does not cover the other information and by this opinion we do not express any form of assurance conclusion thereon.
In connection with our audit on the company and consolidated financial results, our responsibility is to read the other information and, in doing so, to examine if the other information is materially inconsistent with the company and consolidated financial results or our knowledge obtained in the audit or otherwise appear 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 who are in charge of governance for the company and consolidated financial results

Management is responsible for the preparation and fair presentation of the company and consolidated financial statements in accordance with IFRS, as these have been adopted by the European Union, as well as for those internal audit safeguards, which the management determines as necessary, so as to render possible the preparation of company and consolidated financial results free of material misstatement, due either to fraud or to error.
In preparing the company and consolidated financial statements, the management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, where applicable, matters related to the going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Company and the Group or to cease their operations, or has no other realistic alternative but to do so.
The Audit Committee (art. 44 L.4449/2017) of the Company is charged with overseeing the Company's and the Group's financial reporting process.

## Auditor's responsibilities for the audit of the company and consolidated financial statements

Our objectives are to obtain reasonable assurance as to the extent to which the company and consolidated financial statements, on the whole, are free of material misstatement, due either to fraud or to error, and to issue an auditor's report, which includes our opinion. Reasonable assurance is a high level assurance, however, it is not a guarantee that the audit conducted in accordance with the ISAs, as such have been incorporated in the Greek Legislation, always detects a material misstatement, when such exists. Misstatements can arise from fraud or error and are deemed as material when, individually or in aggregate, could reasonably be expected to influence the financial decisions of the users, which are taken on the basis of those company and consolidated financial statements.

As part of an audit, in accordance with the ISAs, as such have been incorporated in the Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore we:

- Identify and assess the risks of material misstatement in the company and consolidated financial statements, due either to fraud or to error, by designing and conducting audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than that due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or circumvention of internal audit safeguards.
- Understand the internal audit safeguards that are related to the audit, in order to design audit procedures that are suitable to the circumstances, not, however, for the purpose of expressing an opinion on the effectiveness of the Company's and of the Group's internal audit safeguards.
- Evaluate the appropriateness of the accounting principles and methods that have been used and the reasonableness of the accounting estimates and relevant disclosures that have been made by the management.
- Conclude on the appropriateness of the use by the management of the going concern basis of accounting and, based on the audit evidence obtained as to whether there is material uncertainty in relation to events or circumstances that could imply material uncertainty as to the Company's and the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we are obligated to draw attention in our auditors' report to the related disclosures in the company and consolidated financial statements and if these statements are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. Nevertheless, future events or circumstances may cause the Company and the Group to cease to operate as going concern.
- Evaluate the overall presentation, structure and content of the company and consolidated financial statements, including the disclosures, as well as to what extent the company and consolidated financial statements depict the underlying transactions and events in a manner that achieves fair presentation.
- Collect sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to express an opinion on these company and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Company and of its subsidiaries. We remain exclusively responsible for our audit opinion.

Among other matters, we notify those who are in charge of governance about the planned scope and timeline of the audit, as well as about significant audit findings, including any significant deficiencies in the internal audit safeguards that we identify during our audit.
In addition, we state to those charged with governance that we have complied with the relevant ethical requirements regarding independence and notify to them all the relationships and other matters that could reasonably be considered to bear on our independence and, where applicable, the relevant safeguards.
From the matters communicated to those charged with governance, we determine those matters that were of the highest significance in the audit of the company and consolidated financial statements of the current annual period and are, therefore, the key audit matters.

## Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into account that the management is responsible for the preparation of the Board of Directors' Management Report and the of the Corporate Governance Statement that is included in this report, pursuant to the provisions of paragraph 5 of article 2 of L.4336/2015 (part B), we note that:
a) The Board of Directors' Management Report includes a corporate governance statement, which provides the information set out in article 43bb of L. 2190/1920.
b) In our opinion, the Board of Directors' Management Report has been prepared in accordance with the applicable legal requirements of articles 43α and 107A and of paragraph 1 (cases c and d) of article 43bb of L. 2190/1920 and its contents correspond to the attached company and consolidated financial reports of the fiscal period that ended on 31 December 2018.
c) Based on the knowledge acquired during our audit about the Company **"IKTINOS HELLAS SOCIETE ANONYME"** and its environment, we have not identified any material misstatements in the Board of Directors' Management Report.

2. Additional Report to the Audit Committee

Our opinion on the attached company and consolidated financial statements is consistent with the Additional Report to the Audit Committee of the Company, required pursuant to article 11 of the European Union (EU) Regulation 537/2014.

3. Provision of Non-Audit Services

We have not provided to the Company and its subsidiaries any non-audit services which are prohibited according to article 5 of the European Union (EU) Regulation 537/2014. The permissible non-audit services that we have provided to the Company and its subsidiaries during the fiscal year ended on 31st December 2018 are disclosed in note 10.21 of the attached company and consolidated financial statements.

4. Appointment of Auditor

We were appointed for the first time as Certified Auditors of the Company by decision of the annual ordinary general shareholders' meeting, dated 30/6/2009. Thereafter our appointment has been renewed uninterruptedly for a total period of 10 years based on the annual decisions of the ordinary general shareholders' meeting.

Athens, 9 April 2019
The Public Certified Accountant

Nikos Ioannou
A.M. S.O.E.L. 29301

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## 3. Annual Report of the Board of Directors

**Management report of the Board of Directors of the company "IKTINOS HELLAS S.A. TECHNIKI & TOURISTIKI"
on the consolidated and company Financial Statements of the fiscal year from
1st January to 31st December 2019**

The present Annual Report of the Board of Directors which follows (hereinafter referred to for the sake of brevity as the "Report") refers to the fiscal year 2019. The Report was prepared and is aligned with the relevant provisions of law 4548/2018 as applicable, of law 3556/2007 (G.G. 91A/30.4.2007) and the executive decisions of the Capital Markets Commission issued pursuant to it.

The present report contains, in summary form, the financial information regarding the fiscal year 2019 significant events that took place during that period and their impact on the annual financial statements are described. There is also a description of the main risks and uncertainties that the Group and the Company may face over the next year and the significant transactions that were concluded between the issuer and their related parties are presented.

### A. Evolution of the performance of the Company and of the Group over the fiscal year 1/1-31/12/2019.

### A.1. Company

- **Turnover**

In fiscal year 2019, it reached the amount of 40,588,167 Euro, while the corresponding amount in fiscal year 2018 amounted to 53,170,861. Namely, there was a decrease of 12,582,694 Euro and by 23.66%. The decrease in sales is on the one hand due to unprecedented bad weather conditions that prevailed in the first quarter of 2019, that resulted in the Volakas marble production to decrease by 39% compared to the corresponding period of 2018; on the other hand, in 2019 the company proceeded with the implementation of its investment plan, transition to the new underground mining system at its main quarry in Volakas, with the aim of directing the healthy deposit through underground ways without the obligation of superficial disclosure and disposal of sterile by-products, which will fully meet the increased demand and higher quality marble. This adjustment to underground mining has reduced production, which has affected the results of the year. Four mining machines (saws) are already in operation and two more mining machines (saws) have been ordered and are expected to be delivered in September and November 2020.

Exports account for 96.32% of the turnover and now the percentage of exports has stabilized at more than 95% of turnover. The export orientation of the company contributes significantly to the improvement of the company's liquidity as most of the sales are made with an advance payment of the price. The evolution of exports and their upward trend is analyzed as follows:

| | 2019 | 2018 |
|---|---|---|
| Exports | 39,095,565 | 50,727,270 |
| % on turnover | 96.32% | 95.40% |

- **Gross results (Gross Profit)**

During the fiscal year 2019, they amounted to 19,900,661 Euro, while the corresponding amount during the fiscal year 2018 amounted to 30,474,302 Euro. Namely, there was a decrease of 10,573,641 Euro and 34.70%.

- **Management and Distribution Expenses**

During the fiscal year 2019, they amounted to 10,969,073 Euro, while the corresponding amount during the year 2018 was 10,902,138 Euro. Namely, there was an increase in expenditur by 66,935 Euro and a percentage of 0.61%.

- **Research and Development Expenses**

During the fiscal year 2019, they amounted to 67,328 Euro, while the corresponding amount during the year 2018 was 43,873 Euro. Namely, there was an increase in expenses by 23,455 Euro and a percentage of 53.46%.

- **Earnings before taxes, financing, investment results and amortization (EBITDA)**

During the fiscal year 2019, they amounted to 11,234,754 Euro, while the corresponding amount during the fiscal year 2018 was 21,520,487, showing a decrease of 10,285,734 Euro and a percentage of 47.80%.

- **Earnings before taxes**

During the fiscal year 2019 they amounted to 6,044,166 Euro while the corresponding amount during the fiscal year 2018 was 18,509,391 Euro. Namely, there was a decrease of 12,465,225 Euro and a percentage of 67.35%.

- **Earnings after taxes**

During the fiscal year 2019 they amounted to 4,367,159 Euro while the corresponding amount during the fiscal year 2018 was 12,047,803 Euro. Namely, there was a decrease of 7,680,644 Euro and a percentage of 63.75%.

- **Loan liabilities**

During the fiscal year 2019, the loan liabilities amounted to 35,117,553 Euro, while the corresponding amount during the fiscal year 2018 was 29,302,718 Euro. Namely, there was an increase in borrowing by 5,814,835 Euro and a percentage of 19.84%.

***A.2 GROUP***

The companies in which IKTINOS HELLAS S.A. participated on 31/12/2019 and which are included in the consolidated financial statements of the Group are the following:

**1. FEIDIAS HELLAS A.V.E.E.**

Its sales during the fiscal year 2019 amounted to 746,542 Euro while the corresponding amount during the fiscal year 2018 was 918,050 Euro. In other words, there was a decrease of 171,509 Euro and 18.68%. The Results (profits) before taxes, during the fiscal year 2019 amounted to 25,277 Euro while the corresponding amount (profits) during the fiscal year 2018 was 159,797 Euro. Namely, there was a decrease in profits by 134,521 Euro and 84.18%.

**2. KALLITECHNOKRATIS E.P.E.**

This company has been put into liquidation since 26/4/2007.

**3. ELECTRIC POWER PRIVATE CORPORATION S.A. (ID.E.H. S.A.)**

Its sales during the fiscal year 2019 amounted to 2,029,251 Euro while the corresponding amount during the fiscal year 2018 was 2,095,867 Euro. Namely, there was a decrease of 66,616 Euro and 3.18%. During the fiscal year 2019, the Results (losses) before taxes amounted to 260,558 Euro while the corresponding amount in the fiscal year 2018 was (losses) 359,081 Euro; namely there was a reduction in losses by 98,523 Euro and 27.44% which are mainly due to the reduced financial costs, the interest rate has been reduced from 4.50% to 3.3%.

**4. IKTINOS MARMARON S.A.**

Its sales during the fiscal year 2019 amounted to 2,578,172 Euro, while the corresponding amount during the fiscal year 2018 was 6,274,476. Namely, there was a decrease of 3,696,304 Euro and a rate of 58.91%. The Results (losses) before taxes, during the fiscal year 2019 amounted to 963,237 Euro while the corresponding amount (profits) during the fiscal year 2018 was 419,174 Euro. Namely, the result was reduced by 1,382,410 Euro.

**5. LATIRUS LTD**

This company through its subsidiary "IKTINOS TECHNIKI & TOURISTIKI SA" is in the process of implementing investments. The company Latirus Enterprises Ltd as well as its 97.764% subsidiary IKTINOS TECHNIKI & TOURISTIKI SA are integrated into the financial statements of the Group by the method of total consolidation.

The result for the period 1/1 / -31 / 12/2019 amounted to losses before taxes of 3,671 Euro.

**6. AIOLIKI MEGA ISSOMA S.A.**

It is a group company (indirect participation via the subsidiary company IDEH) which was established in the context of the Group's engagement in renewable energy sources. The company is in the process of licensing the 24 MW aeolian farm in Domokos, Lamia, at the location Mega Issoma. The A/P has a production license, an approval for Environmental Terms and road paving study and is in the process of amending connection terms.

**7. AIOLIKI LYKOFOLIA S.A.**

This is a company of the group (indirect participation via the subsidiary company IDEH) which was established in the context of the Group’s engagement in renewable energy sources. The company is the process of licensing of an aeolian park of 9 MW in the Drama prefecture, Nikiforos Municipality at the location Lykofolia. The A/P has an production license, an offer for terms for connection and is in the process for the approval of the Environmental Studies and of the road paving study.

**8. AIOLIKI MAVROLITHARO S.A.**

This is a company of the group (indirect participation via the subsidiary company IDEH) which was established in the context of the Group’s engagement in renewable energy sources and has in its possession two aeolian parks production licenses:

- A/P Mavrolitharo I 18MW is located at Deskati, Grevena; it has a production license, an offer for terms for connection, Environmental Terms Approval and is in the process of acquiring a License of Establishment. On 6/8/2014 the company was transferred by the parent company IKTINOS HELLAS to the 100% subsidiary company IDEH S.A., for organizational reasons, so that the entire aeolian energy sector would come under one company.
- A/P Mavrolitharo II 10MW is located at Elassona, Larissa; it has a production license, provisional terms for connection and is in the process of Approval of the Environmental Terms and of a Road Survey. On 6/8/2014 the company was transferred by the parent company IKTINOS HELLAS to the 100% subsidiary company IDEH S.A., for organizational reasons, so that the entire aeolian energy sector would come under one company.

**9. AIOLIKI SYNORA S.A.**

This is a company of the group (indirect participation via the subsidiary company IDEH) which was established in the context of the Group’s engagement in renewable energy sources. This is a neighboring to A/P Megalovouni A/P, while it has a license of production, approval of Environmental Terms, terms of connection and is in the process of amendment of the production license.

**10. IKTINOS TECHNIKI & TOURISTIKI**

It is a company of the group (indirect participation through a subsidiary company Latirus Ltd) that operates in the real estate sector and is going to develop a tourist facility at Ormos Faneromenis of the Municipality of Sitia in an area of approximately 2,800 acres.

The result for the period 1/ 1/ -31 / 12/2019 amounted to losses before taxes of 39,628.65 Euro.

**GROUP OPERATIONS' EVOLUTION**

- **Turnover**

During the fiscal year 2019 it amounted to 44,491,049 Euro while the corresponding amount during the fiscal year 2018 was 60,450,595 Euro. In other words, there was a decrease of 15,959,546 Euro and 26.40%.

The group, in the context of the assessment of the receivables of its commercial receivables, made a forecast for bad debts in the amount of 750.000 Euro. Thus, the total formed forecast for bad debts for the Group and the Company amounts to 1.429.738 Euro and 979.738 Euro respectively on 31/12/2019.

- **Gross results (Gross Profit)**

During the fiscal year 2019 it amounted to 19,445,599 Euro while the corresponding amount during the fiscal year 2018 was 32,275,351 Euro. Namely, there was a decrease of 12,829,752 Euro and 39.75%.

- **Management and Distribution Expenses**

During the fiscal year 2019 they amounted to 12,180,199 Euro while the corresponding amount during the fiscal year 2018 was 12,480,912 Euro. Namely, there was a decrease of 300,713 Euro and 2.41%.

- **Research and Development Expenses**

During the fiscal year 2019, they amounted to 67,328 Euro, while the corresponding amount during the year 2018 was 43,873 Euro. Namely, there was an increase in expenses by 23,455 Euro and 53.46%.

- **Earnings before taxes, financing, investment results and amortization (EBITDA)**

During the fiscal year 2019, they amounted to 11,670,347 Euro, while the corresponding amount during the fiscal year 2018 was 23,567,725 Euro, showing a decrease of 11,897,379 Euro and 50.48%.

- **Earnings before taxes**

During the fiscal year 2019 they amounted to profits of 5,962,555 Euro while the corresponding amount during the fiscal year 2018 was 22,210,118. Namely, there was a decrease of 16,247,563 Euro and 73.15%.

- **Earnings after taxes**

During the fiscal year 2019, they amounted to profits of 3,802,086 Euro, while the corresponding amount during the fiscal year 2018 was profits of 16,617,904 Euro. Namely, there was a decrease of 12,815,818 Euro and 77.12%.

- **Loan liabilities**

During the fiscal year 2019, the loan liabilities amounted to 39,361,323 Euro, while the corresponding amount during the fiscal year 2018 was 33,703,778 Euro. Namely, there was an increase in borrowing by 5,657,545 Euro and 16.79%.

## Alternative Financial Indicators of Calculating Performance

The Group uses as alternative performance indicators the Earnings before Taxes, Interest and Amortization (EBITDA), the margin results before interest, taxes, investment results and amortization and the Net Debt. The abovementioned indicators are taken into account by the Group's Management in making strategic decisions.

Alternative indicators should always be considered in conjunction with the financial results drawn up in accordance with IFRS and in no way replace them.

**EBITDA - "Profits before Interest and Depreciation Taxes":**

The index is calculated as: Profit before taxes (EBT) - Net financial results + Depreciation for the use of tangible & intangible assets - Recognized income from grants. The larger the index, the more effective the operation of the Group / Company.

**Marginal results before interest, taxes, investment results and depreciation:**

The index is calculated as Profit before Interest and Depreciation Taxes - Investment Results for Sales. It is an indicator by which the Management evaluates the efficiency of the activities of the Group / Company.

**Net Borrowing:**

The index is calculated as the total of Short-term Loans, Long-term Loans and Long-term loan liabilities payable in the following year reduced by the amount of cash not subject to any use restriction or commitment.

**Earnings before Taxes, Interest and Amortization (EBITDA)**

| | Group | | Company | |
|---|---|---|---|---|
| | **31/12/2019** | **31/12/2018** | **31/12/2019** | **31/12/2018** |
| Net Profits / (losses) after taxes | 3,802,086 | 16,617,904 | 4,367,159 | 12,047,803 |
| Income tax | 2,160,469 | 5,592,214 | 1,677,007 | 6,461,589 |
| Financial Revenue | -114 | -2,331 | -90 | -2,330 |
| Financial expenses | 1,815,448 | 1,636,278 | 1,630,525 | 1,329,603 |

| | | | | |
|---|---|---|---|---|
| Other Financial Results | -54,335 | 35,158 | 1,115,665 | 35,158 |
| Depreciation | 4,540,177 | 3,749,480 | 2,494,945 | 1,706,935 |
| Recognized grants | (593,385) | (601,198) | (50,457) | (58,270) |
| **Earnings before Taxes Interest and Amortization (EBITDA)** | **11,670,347** | **27,027,505** | **11,234,754** | **21,520,487** |
| Investment results | 0 | -3,459,780 | 0 | 0 |
| **Results before interest, taxes, investment results and amortization** | **11,670,347** | **23,567,725** | **11,634,754** | **21,520,487** |
| Sales | 44,491,049 | 60,450,595 | 40,588,167 | 53,170,861 |
| **Margin results before interest, taxes, investment results and amortization** | **26.23%** | **38.99%** | **27.68%** | **40.47%** |

**Net Borrowing**

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **31/12/2019** | **31/12/2018** | **31/12/2019** | **31/12/2018** |
| Long term loan liabilities | 16,607,836 | 19,304,533 | 14,294,500 | 15,834,531 |
| Long term loan liabilities payable in the next year | 2,548,473 | 1,786,475 | 1,647,780 | 1,124,816 |
| Short term Loan Liabilities | 20,205,014 | 12,612,770 | 19,175,272 | 12,343,371 |
| Liabilities from financial leases | 1,609,822 | 779,168 | 1,609,822 | 779,168 |
| Short-term liabilities from financial leases | 1,191,322 | 534,461 | 1,191,322 | 534,461 |
| Cash and Cash Equivalents | -1,584,248 | -1,869,531 | -1,446,133 | -1,643,977 |
| **Net Debt** | **40,578,218** | **33,147,876** | **36,472,562** | **28,972,369** |

## B. SIGNIFICANT EVENTS OF THE FISCAL YEAR 2018 AND OF THE PERIOD UP TO THE PREPARATION OF THE PRESENT REPORT

### 1. Investment Plan

The company submitted an investment file based on the development law 4399/2016 of a total value of 6.9 million Euro and decided (7/2019 resolution) to include 6.7 million Euro, which concern the modernization of the new factory in the industrial area of Drama, with the aim of increasing its production capacity and improving the products. To date, about 90% of the mechanical equipment that has been put into operation in the second half of 2019 has been delivered. The work on the plant is expected to be completed by the end of 2020 and the construction works of offices - exhibition space in the industrial area of Drama with a total area of 1,600 sq.m. is expected to begin in the first half of 2021.

### 2. Number of shares Increase through Split

The company with the annual Ordinary General Meeting of the Company's shareholders, held on 26.6.2019, decided to reduce the nominal value of the share from forty cents (0.40) to ten cents (0.10) with simultaneous increase in the total number of shares from 28,580,100 to 114,320,400 common registered shares and the issuance of 85,740,300 new shares.

The above 85,740,300 shares were distributed for free to the company's shareholders with a replacement ratio of four (4) new common registered shares for each one (1) old registered share. After the above corporate change, the share capital of the Company remains at the amount of 11,432,040 Euro, divided into 114,320,400 common registered shares with the right to vote, with a nominal share value of 0.10 Euro.

On 26.06.2019, the application for registration of the resolution of the General Meeting for the Amendment of Article 5 of the Articles of Association was registered in the General Business Registry (G.E.M.I.) with Code Registration Number 1586784 and the decision of the Companies Directorate, Supervision Department of Registered S.A. and Athletic S.A. of the Ministry of Economy and Development was published with protocol number 77773 / 24-7-2019, which approved the amendment of Article 5 of the Company's Articles of Association.

The Corporate Actions Committee of the Athens Stock Exchange during its meeting on 31/7/2019 approved the listing for trading of the new shares of the Company that were generated in accordance with the above.

By Company’s resolution, the following were defined:

a) The date of cutting-off of the right to participate in the split of shares was set on 05/08/2019. b) As of the same date, the Company's shares were tradable on the Athens Stock Exchange with the new nominal value, i.e. 0.10 Euro per share, without the right to participate in the free distribution of these shares, and the starting price of the Company's shares in the Athens Stock Exchange was formed in accordance with the Regulation of the Athens Stock Exchange in combination with decision No. 26 of the Board of Directors of the Athens Stock Exchange, as in force. c) Beneficiaries in the above corporate transaction were the shareholders of the Company who were registered in the Dematerialised Securities System (DSS) on 06/08/2019.

The initiation of the trading of new shares on the Athens Stock Exchange was set on 08/08/2019. As of the same date the above shares were credited to the shares and accounts of the shareholders in the DSS.

### 3. VAT refund, Special Consumption Tax and a subsidy from OAED

The company offset tax liabilities amounting to 4,414,487 euro following a temporary audit by the competent tax authority FAE ATHENS, for VAT refund applications based on POL 1073/2004 for the period 1-12/2018.

Also, the company has received in 2018 consumption tax returns of a total value of 613,641 euro.

### 4. Exploitation of quarries

In 2019 the company proceeded to implement its investment plan, the transition to the new underground mining system at its main quarry in Volakas, which will enable it to fully meet the increased demand and higher quality marble. In 2019 the company proceeded to implement its investment plan, the transition to the new underground mining system at its main quarry in Volakas, with the aim of directing the healthy deposit through underground ways without the obligation of surface disclosure and disposal of sterile by-products which will enable it to fully meet increased demand and higher quality marble. This adjustment to underground mining has reduced production, which has affected the year's results (profit/loss account). The transition from above-ground to underground mining has resulted the Company's high cost of exploration and evaluation of mineral resources, which amounted to approximately 912,000 euro, as defined by IFRS 6 regarding capitalizing costs for exploration and evaluation of mineral resources.

Four mining machines (saws) are already in operation and the company has ordered two more mining machines (saws), which are expected to be delivered in September and November 2020.

### 5. Development of the business plan of the company Iktinos Techniki & Touristiki SA

The company IKTINOS TECHNIKI & TOURISTIKI SA is active in the real estate industry. It owns an area of approximately 2,689 acres, of which approximately 556 acres are on the coast in Faneromeni bay in Sitia, Crete, and the remaining approximately 2,133 acres are located a thousand meters south of the Sopata Mesorachis plateau in the Municipality of Sitia in Crete.

**In the first phase, the following will be created in the coastal area of Faneromeni Bay:**

a) Touristic establishment, 5-star hotel with 357 beds, spa center for 100 people, conference center for 200 people in an area of 116,32 acres,

b) A shelter of 85 tourist boats.

c) Residential area of second Residence through the PERPO mechanism (Article 24 of Law 2508/1997) in an area of 204.71 acres where approximately 100 summer houses of approximately 20,430 sq.m. will be built.

**In the second phase the following will be created on the plateau at SOPATA-MESSORACHI:**

a) Residential area of Second Residence through the PERPO mechanism (article 24 of Law 2508/1997) in an area of approximately 304.08 acres, for which the preliminary Environmental Approval has been granted.
b) A 18-hole GOLF course in a neighbouring area of approximately 1,500 acres for which the preliminary Environmental Approval has been granted.

**Development of the business plan of Iktinos Techniki & Touristiki S.A:**

1. Permit for Touristic establishments in the location of Faneromeni Bay
    a. Hotel Unit
        i. The following permits have been issued for the Hotel Unit:
        ii. Building Permit of the Urban Planning Department of the Sitia No.171/14-10-09
        iii. Decision for the Approval of Environmental Terms (DAET) No.1768/20-6-2019.
    b. 85 Tourist Boats Shelter

        For the 85 Tourist Boats Shelter the following permits have been issued:
        i. Decision for the Admission of Installation of touristic boats shelter No.9899/2005 (attached)
        ii. Amendment of (a) decision No. 2442/8-2-2018
        iii. Decision for the Extension of the project execution deadline until 26/6/2023 No.7201/26-4-2018
        iv. Decision for the Project Execution Approval No.377/19-2-2014
    c. Residential Area (PERPO)

        For the residential area the following permits have been issued:

        i. Approval of Urban planning Study ΦΕΚ (Official Gazzette) 144/20-7-2016
        ii. Decision for the Approval of Environmental Terms (DAET) No. 172456/16-12-2013
        iii. Approval by the Municipality of Sitia of implementation study of the infrastructure projects No.173/2018
        iv. Initiation of the works for the opening of access road opening and creation of connecting junction with the municipal road Sitia-Papadiokampos.

2. Permits for the Touristic establishments in the location Sopata-Messorachi
   a. GOLF course
      Preliminary Environmental Assessment and Evaluation (PEAE)
      No.168966/2607/26-2-2007
   b. Residential Area (PERPO)
      Opinion on the επί της Preliminary Environmental Assessment (PEA) No. 138207/24-9-2009

In 2019:

- The construction and paving of a rural road at Sopata, 3,428 meters long, has been completed.
- The opening and formation of roads with a total length of 2,247 meters within the area of private urban planning in the location of Faneromeni Bay of the Municipality of Sitia continues.

In summary and taking into account the developments described in detail above, we believe that this business plan is developing smoothly.

**6. Termination of operation of the subsidiary IKTINOS MARMARON and its position in liquidation**

On this issue, the General Meeting of Iktinos Hellas held on 27/02/2020 decided to terminate the works of the subsidiary IKTINOS MARMARON SA and to place it in liquidation for reasons of economies of scale and to reactivate sales in the internal market by creating a new department within of the company.

**7. Payment of common bond loan**

On the property at 7 Lykovryssis Street, the company has registered prenotations amounting to 6,500,000 Euro (first mortgage) to secure the common bond loan of 4,999,986 Euro signed with EUROBANK on 22/10/2008 and amended on 17/10/2016. The loan was repaid on 22/10/2019 and procedures have been initiated for the removal of the pre-notation, which would have been completed, as the court hearing date was set for 3/2020 but was canceled due to the pandemic.

## C. 2020 PROSPECTS AND ANTICIPATED DEVELOPMENT

- **MARBLE SECTOR**

The outbreak of the new coronavirus (COVID-19), which was declared a pandemic by the World Health Organization in March 2020, has affected business and economic activity around the world, including in countries where the company operates. On 13.03.2020, the Greek Government issued its decision to impose a temporary suspension of the operation of a series of stores and other activities, but without affecting the operation of the company.

The company has taken all appropriate measures for the protection and prevention from the coronavirus and the prevention and control of its spread, with the aim of protecting employees and safeguarding public health in general. The measures taken are in accordance with the guidelines and recommendations of the National Public Health Organization (NPHO), the General Secretariat for Civil Protection (GSCP) and the World Health Organization (WHO).

The company did not make any redundancies, nor did it put staff on a temporary availability or reduce working hours. All employees worked normally, either by working remotely from home or by office presence. Technical staff who belong to vulnerable groups, were granted a special purpose leave.

For such a highly exported product, such as the Greek marble, the impact of the global crisis is a source of risk, and is expected to affect the turnover of 2020. China is no longer at the heart of the pandemic as it was in the first quarter of 2020; however, this does not mean that business in the country is running smoothly as factories are recovering at the moment. The company had a 24% turnover increase for the first 45 days of 2020. But since the spread of COVID-19 there has been a 40% drop in turnover, resulting in a 22% turnover decline in the first quarter of 2020. It is noted that 96% of the sales of IKTINOS HELLAS SA is directed to overseas markets, while over 50% of exports is directed to China. The US, the Arab Gulf countries and Europe also have a significant share of the company's exports. Consequently, the movement of the pandemic to these countries is changing the situation for the company, presently for an unknown period.

The recovery of the market will be gradual and the first months of operation after the lift of the restrictive measures, will show reduced sales compared to the corresponding months of previous years. Recovery is expected in the second half of 2020.

The Company's Management constantly evaluates the situation and the possible effects, and takes all necessary measures to maintain the viability of the Company and its subsidiaries and minimize the impact on their activities in the current business and economic environment. In any case, there are no concerns regarding the continuation of the activities of the Company and the Group. The company currently has the cash and appropriate financial instruments - financing flows from the banking system and is able to maintain jobs and cope with the global crisis.

The environment at the moment does not allow us to make particularly secure predictions about the future as it is unknown when the situation will return to normal pace.

The Group’s Management is optimistic about the development of sales as things look quite encouraging judging from the commercial agreements that are being negotiated and from those that have already been concluded and are in the process of implementation.

- **AEOLIAN ENERGY SECTOR**

The Group is active in the sector of the aeolian energy via the subsidiary company IDEH SA, which is managing the operation of an aeolian park of a power of 22 MW, which is located at "Megalovouni" of the Nikiforos Municipality of the Drama Prefecture.

In the context of its program for a dynamic presence in the Renewable Energy Sources, the group has planned the development of new aeolian parks, over a time perspective to be determined depending on the market conditions. The development of these new projects has already been put to course and already production licenses for aeolian parks of a total power of 55 MW have been acquired.

- **REAL ESTATE SECTOR**

The Group's activities in the sector of Real Estate via the related IKTINOS TECHNIKI & TOURISTIKI S.A. are on course towards their implementation. A result of this will be the future increase of the value of properties and the proportional improvement of the results of the Group's investment activity. The company is looking for an investor to implement the business plan, as it is also preparing a feasibility study for the investment.

**NON-FINANCIAL STATEMENT OF THE MANAGEMENT REPORT**

The Group is pursuing and follows a course of sustainable development and commits through its policies to safeguard the protection of the environment and the hygiene and security of the employees, of the local community and of the public. The Group's strategic approach aims at the optimization of the value it produces for the broader society and the reduction of risk at environmental, economic and social level.

The Group's policies at the stages of its productive and operational activity place emphasis on:

- the provision of high quality products and services and to the servicing of clients.
- respect for the environment and the local communities, by taking measures to protect the environment, complying with the environmental legislation and with the relevant to its operation license environmental terms that that have been approved.
- compliance with the legal regulatory demands concerning the security and hygiene of the produced products.
- the research and development for finding new quarries.
- the application of procedures based on transparency and justice and the establishment of common principles and rules, which aim to the development of the greatest asset of the Company "its people".

**I. ENVIRONMENTAL ISSUES**

The goal is adopting good practices which promote the sustainable development and minimize the negative influence of the company on the environment.

In this direction, the company participates in research projects and programs in partnership with public and private bodies, regarding the environment, biodiversity, etc. in the fields it operates.

Specifically, in the last two years it has commissioned a relevant study regarding the investigation of the effects on biodiversity and the environment from the exploitation of its quarries, to the Aristotle University of Thessaloniki.

In addition, in the context of its cooperation with institutions for research purposes, the company has carried out the following collaborations:

- Cooperation with the Aristotle University of Thessaloniki and the assignment of a Special Ecological Evaluation, in order to evaluate the effects of the expansion of the existing quarry in the area of Kechrokambos Nestos with underground mining on the birdlife of the Special Protection Zone (SPZ) of Stena Nestou.
- Cooperation with the Aristotle University of Thessaloniki and the assignment of an Exploration of Geological / Mineralogical Study for the Extension of an existing quarry exclusively for Underground Mining in Kechrokampos Nestos, with the aim of measuring the geological marble reserves as well as the viability of underground mining and the financial benefits to the local community and national economy.
- Special Geotechnical Study for the expansion of the existing quarry in Volakas exclusively with Underground Mining.

The company, fully respecting the environment in which it operates, systematically restitutes its marble quarries after the end of their mining activity, through tree planting, restitution of vegetation by planting and / or sowing seeds of suitable species (herbaceous, bushy plants etc. ), as well as the operation and maintenance of the irrigation network. The amounts for the above actions are guaranteed, as the company submits the relevant letters of guarantee.

Also, respecting the water resources of our country, the company has installed and operates in all its quarries and production plants, biological treatment of wastewater and waste resulting from its activity, in order to reuse them, thus reducing its environmental impact.

The company takes initiatives to reduce the environmental impact of its products. In this direction, it recycles paper stationery, plastic, enters into collaborations with specialized companies for the collection of used engine oils, residual material from the processing of marbles, etc.

The Group already operates a wind farm with a capacity of 22 MW in the area of Drama, indirectly contributing to the reduction of pollutants from electricity production.

**II. SOCIAL ISSUES**

IKTINOS HELLAS group employs 445 employees in the administration and in the productive units in the areas of Attica, Drama and Kavala. To fulfill its purpose the Group interacts and collaborates with the local communities, social bodies and competent authorities. It assists the local communities in which it operates, which suffer from high unemployment rates, through the creation of new jobs, it cooperates with external local contractors and other professional groups from the local community, etc.

Most of the Group's employees are employed on full-time contracts.

Apart from job offering, the Group donates to organizations, associations, the Church and non-profit organizations that support vulnerable groups of the population. It is in constant contact with socially vulnerable groups in need of help, associations, in order to cover their needs, so that they can carry out their social work.

The company annually carries out actions and stands as an aid to society and socially vulnerable groups, responds immediately to their needs and supports them in cases of emergencies (e.g. use of machines in natural disasters, etc.).

**III. EMPLOYMENT ISSUES**

In 2019, IKTINOS HELLAS Group employed 455 employees at the administration's offices, at the quarry areas and in the factories it owns. The Group, with an anthropocentric approach, focuses greatly on fields concerning:

- Hygiene and safety
- Personnel selection, hiring procedures, avoidance of discriminations in the work space
- Employees' training

The Group caters for taking all necessary measures and for adopting practices, in order to fully comply with the applicable provisions of the employment and social security legislation.

Hygiene and safety at work

The Company's employees' hygiene and safety is a principal concern of the management, as is safeguarding their rights and complying with employment legislation.

To this end, it conducts staff training programs on health and safety in its marble factories and quarries, either internally or institutionally, through the Marble Trade Association of Macedonia - Thrace. It

provides all employees with complete protective equipment and complies with all the obligations provided by law, regarding the hygiene and safety of its employees.
In order to reinforce the smooth, correct, efficient and safe operation of its quarries and factories, the company has granted through the company's Board of Directors (Board of Directors Resolution 610/13.7.2017) relevant responsibilities to the company's Directors for the performance of their duties.

**Main risks**

Regarding hygiene and safety at work, the risks that are identified have to do with the working environment as the production process takes place to a large extent in quarrying areas and marble processing factories, resulting in high risk regarding:

- Labor accidents as a result of faulty application of safety regulations.
- Violation of employment legislation regarding compliance with schedules and working hours.

**Applied Policies**

Employee health and safety issues are a primary priority of IKTINOS HELLAS Group and for this purpose, it has formulated good practices and tried solutions which contribute to the reduction of risk in the work place through the experience and knowledge of its officers, safety technician and employment doctors.

**Staff selection - avoidance of discrimination**

Regarding the selection of staff, IKTINOS HELLAS Group applies the policy of equal opportunities to all its staff regardless of gender, age, race or nationality and does not tolerate any form of discrimination or harassment.
Recruitment and evaluation processes are based on the qualifications, performance and skills of candidates or employees without taking into account gender, origin, race, religion, age and any characteristic of the character or the body that can differentiate an individual.
The company emphasizes on the support and guidance of its employees, with the aim of maintaining jobs by offering, for example, opportunities for internal secondment in positions where it considers that the staff will be more efficient, etc.
It always stands by her employees and provides support and guidance to them.
The company holds monthly meetings of its departments, where employees have the opportunity to talk to the Management, express their views, complaints and proposals.
Also, Management is in any case open and listens to all its employees' views.
In the context of increasing its competitiveness the company always tries to create an attractive work environment and look for ways to motivate its employees, in order to maximize their productivity and efficiency. For this reason, the company rewards its staff through bonus programs, provides extra private hospital-pharmaceutical care, etc.

Maintaining and strengthening a peaceful environment and continuously improving and upgrading working conditions is a key priority for the company, in order to achieve the maximum possible utilization of human resources at a productive level.

**Staff training**

In addition to prevention, staff training has played an important role in improving security conditions in departments.

The Human Resources Department has defined in detail the responsibilities and duties of the company's staff, as well as the annual training plan, based on the staff's training needs, resulting either from new employees or the need for training based on new systems and technologies.

The Human Resources Department annually implements training programs for all levels of its employees, based on the company's needs.

The company finances seminars as well as master's degree courses, foreign language learning, etc. to optimize the performance of its staff.

**III. DIGITAL DEVELOPMENT & INNOVATION**

With the principles of sustainable development at the heart of its strategy, the company systematically invests in new technologies - innovations, constantly evolving their operations and seeking continuous improvement.

In this direction, it is constantly implementing new actions aimed at its digital transformation.

More specifically, it has already implemented its digital transition to the cloud (both in terms of online information on specific parts of the company, as well as back-up key work of its data). Having already shielded its data through a firewall, it uses appropriate tools, in order to ensure a quick and safe two-way communication with remote points, for example, quarries, etc.

All of the above new technologies - services implemented by the company, result in reduced operating costs, increased sales, increased productivity, security from cyberattacks, secure remote communication between the company's units, direct and secure access of the company's sellers and others, from any part in the world, using their PC.

In order for the company to meet the current requirements of the market, it is constantly upgrading its technological equipment, whether this concerns new servers or computer replacement, end users (desktops, laptops, etc.).

Finally, in the context of improving the entire network infrastructure, the company proceeded to replace its network with new modern equipment based on the use of fiber optics.

The company is fully compliant with the General Data Protection Regulation (GDPR), given the application of the EU Regulation.

Innovation

The company has introduced new technologies that reduce operating costs, production costs and increase productivity in both quality and quantity. New technologies concern a new way of mining and more specifically, the underground mining which enables the extraction from the heart of the deposit, achieving better quality, more quantity with lower cost of resources. The new method is more environmentally friendly as it does not alter the mountain's morphology and does not require extensive restoration. The company also installed new state-of-the-art mechanical equipment at the new plant in Drama. The installation of the new mechanical equipment increases the production capacity and reduces production costs.

Also, the company in recent years has applied a very innovative technological method to save defective marbles.

Defective bulk marbles are glued with resins and in this way they are saved whereas under normal conditions they would break and end up in the waste. In this way, the marble can be cut into slabs without any damage or loss.

Also, a barcode system was applied to all our products along with a new system for registering and taking photographs of the products in the company's cloud so that they are immediately accessible to anyone interested (sellers - customers).

## D. DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE FISCAL YEAR 2018

The Group and the Company are exposed to financial and other risks. The general risk management program of the Group aims at minimizing their potential negative impact on the financial performance of the Group.

The basic risk management policies are formulated by the Group Management. The Finance Direction monitors and handles the risks to which the Group is exposed, determines, assesses and, where necessary, counterbalances the financial risks, in collaboration with the departments facing those risks.

Furthermore, it does not conduct transactions for profit, which are not related to the commercial, investment or loan-taking activities of the Group. More specifically as regards those risks, we not e the following:

**1. Foreign Exchange Risk**

The Group's operating currency is the Euro. The Group conducts the largest part of its transactions in Euro, which leads to the immediate foreign exchange risk being limited. Nevertheless it also conducts commercial transactions at an international level, outside the Euro, and therefore it is exposed to zero foreign exchange risk, coming mainly from the US Dollar. Those transactions relate to a minimum part of the activities and therefore the foreign exchange risk is very limited.

**2. Credit Risk**

Credit risk is the risk of potential delayed payment to the group of the counter-contracting parties' current and potential obligations. The Group's exposure to credit risk comes mainly from the cash and cash equivalents, the trade and other receivables. The Group does not have a significant concentration of credit risk with some of the parties it has contracted with, mainly due to the large spread of its customer basis. The Group's wholesales are made on the basis of its internal operation principles, which ensure that the sales of goods and services take place to customers with financial credibility. Furthermore, a substantial part of the receivables from the Group's customers are insured.

**3. Cash flow Risk**

Prudent administration of the cash flow risk presupposes sufficiency of cash and the existence of the necessary finance available resources. The Group manages the cash flow needs on a daily basis, through following the short-term and long-term financial obligations, as well as through the daily following of the payments conducted. At the same time, the Group continuously monitors the maturity both of the receivables, as well as of the payables, with the objective to maintain a balance between continuity of funds and flexibility, via its bank credit ability.

The cash flow needs are determined for a 6-months period and redefined on a monthly basis. The cash flow needs are followed on a weekly basis.

In periods of non-sufficient cash, the company is able to finance its needs in cash through borrowing from banks from approved limits it maintains with them.

**4. Borrowing – Risk of fluctuating Interest Rates**

The Group monitors and manages its borrowing, by proceeding to a combined use of short-term and long-term borrowing. There exist approved credit limits and satisfactory terms of cooperation and of the invoicing of the various banking operations, which help in cutting down the Group's financial cost. The Group's policy is to maintain the largest part of its loans in Euro with variable interest rate and a potential increase of the Euribor would mean an additional financial burden.

## 5. Inventories-suppliers Risk

The Group takes all necessary measures (insurance, security) to minimize the risk and the potential damages due to the loss of inventories as a result of natural disasters, thefts, etc. The Management constantly reassesses the net liquidation value of the inventories and proceeds to the appropriate impairments.

In addition, the Company considers that dependency on suppliers is very limited and in any case insignificant for the Group's financial scales, as there is no significant dependency on given suppliers, none of which supplies the Company with products at a percentage over 10% of its total purchases.

## 6. Dependency on Customers

The Group's customer basis shows great spread and there is no risk of dependency on big customers.

The Group aims at satisfying an ever larger crowd of customers, on one hand, by increasing the spectrum of products it offers, and, on the other hand, by pursuing the immediate fulfillment of their needs.

## E. PRESENTATION OF THE SIGNIFICANT TRANSACTIONS BETWEEN THE ISSUER AND ITS RELATED PARTIES

According to IAS 24, related parties means subsidiary companies, companies with common ownership or/and Management with the company, companies related to it, as well as to the members of Board of Directors and to the company's Managing officers. The company is provided with goods and services from the related parties, while itself supplies them with goods and services. The company's sales to the related parties concern mainly goods. The provision of services to the company concern mainly marble processing services.

The Board of Directors' members' and the Managing officers' fees concern fees for employed services. In the table below the remainders of the company's receivables and payables to related parties are analyzed, as these are defined by IAS 24.

| | **ΟΜΙΛΟΣ** | | **ΕΤΑΙΡΕΙΑ** | |
|---|---|---|---|---|
| | **31/12/2019** | **31/12/2018** | **31/12/2019** | **31/12/2018** |
| **Sales of goods / services** | | | | |
| Subsidiaries | - | - | 588,821 | 972,099 |
| Other Related Parties | - | | | |
| **Total** | **-** | **-** | **588,821** | **972,099** |
| **Other Income / Expenses** | | | | |
| Subsidiaries | - | - | 79,720 | 73,750 |
| Other Related Parties | - | - | 0 | 0 |
| **Total** | **-** | **-** | **79,720** | **73,750** |
| **Purchases of Goods / Services** | | | | |

| | | | | |
|---|---|---|---|---|
| Subsidiaries | - | - | 860,768 | 1,076,153 |
| **Total** | **-** | **-** | **860,768** | **1,076,153** |

| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
|---|---|---|---|---|
| **Receivables** | | | | |
| Subsidiaries | - | - | 2,671,860 | 3,725,737 |
| Other Related Parties | 11,994 | 10,488 | 11,994 | 10,488 |
| **Total** | **11,994** | **10,488** | **2,683,854** | **3,736,224** |
| **Payables** | | | | |
| Subsidiaries | - | - | 677,648 | 528,072 |
| Other Related Parties | - | - | - | - |
| **Total** | **-** | **0** | **677,648** | **528,072** |

| | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Compensation of members of the BoD and other management officers | 1,259,015 | 1,553,018 |
| Sales to members of the BoD and other management officers | 18,121 | 433,584 |
| Receivables from members of the BoD and other management officers | 95,424 | 73,827 |
| Payables to members of the BoD and other management officers | 2,528,405 | 437,788 |

## F. Properties and facilities of the Group

The parent company has the following properties in its possession:

- A property at 7, Lykovrissis str. – Metamorfossi, with a plot surface of 10,775 sq.m., surface of the industrial engine-room 3,669.27 sq.m. and surface of the offices building 980 sq.m.
- A property at the location Koukouvagia in Thiva, Eleonas commune, with a plot surface of 13,663.60 sq.m. and surface of the industrial engine-room 724 sq.m.
- Properties at Maroussi, at 56, Aut. Heracleou, a basement of 112 sq.m. and 6 basement parking lots of 99 sq.m.
- A property at the Industrial Area in Drama, with a plot surface of 45,000 sq.m. on which buildings of a total surface of 11,000 sq.m. have been built.
- A property-plot at Markopoulo Attica of a surface of 9.223,37 sq.m. on which a two-storey building of 416.68 sq.m. has been built.

It is noted that against the company's property at 7, Lykovrissis str., there are registered prenotations of mortgages of a value of Euro 6,500,000 (first mortgage), as security of the common bond loan of 4,999,986 euro, which was signed with EUROBANK on 22/10/2008 and was amended on 17/10/2016. The loan has been repaid and the procedure to lift the prenotation has started.

Moreover, there are registered prenotations of a value of 5,000,000 (second mortgage) as security of the common bond loan of a value of 7,000,000 euro which was signed with ALPHA BANK (former EMPORIKI BANK) on 17.10.2008 and was amended on 31.1.2017. The remainder on 31/12/2018 amounts to 1,873,150 euro.

The company operates the following leased branches and quarries.

| A/A | QUARRY-LOCATION | REGIONAL UNIT | MUNICIPALITY | REGION | AREA (m²) |
|---|---|---|---|---|---|
| 1 | KAVAKIA | ΚΑΒΑΛΑ | NESTOS | AG. KOSMAS | 24,725.24 |
| 2 | KAVAKIA | ΚΑΒΑΛΑ | NESTOS | AG. KOSMAS | 25,954.50 |
| 3 | TYMBANO | ΚΑΒΑΛΑ | NESTOS | KECHROKAMBOS | 97,264.00 |
| 4 | TYMBANO | ΚΑΒΑΛΑ | NESTOS | KECHROKAMBOS | 98,076.00 |
| 5 | BIRBILI | ΚΑΒΑΛΑ | PAGGAIO | PLATANOTOPOS | 46,305.50 |
| 6 | BIRBILI | ΚΑΒΑΛΑ | PAGGAIO | PLATANOTOPOS | 42,344.00 |
| 7 | LEPTOKARIES | DRAMA | K. NEVROKOPI | VOLAKAS | 68,411.00 |
| 8 | ZAVARSA | DRAMA | K. NEVROKOPI | VOLAKAS | 99,993.07 |
| 9 | VITPINITSA | DRAMA | PROSOTSANI | PYRGOI | 96,470.00 |
| 10 | SALIARA | THASSOS | THASSOS | PANAGIA | 37,747.00 |
| 11 | 3 GREMOI | THASSOS | THASSOS | PANAGIA | 41,039.00 |
| 12 | VARADIA | THASSOS | THASSOS | RACHONI | 48,629.00 |
| 13 | PAPAGOUVA | ARKADIA | TRIPOLI | LIMNI-LEVIDI | 99,633.42 |

Apart from the parent company’s properties, the Group further has in its possession:

- A property in Vrilissia, with a plot surface of 8,000 sq.m and industrial facilities 2,320 sq.m. (FEIDIAS HELLAS ABEE).

- The company Iktinos Techniki and Touristiki SA owns an area of 2,689 acres, of which 556 acres are located at the Faneromeni bay in Sitia Crete and the remaining 2133 acres are located a thousand meters south of the Sopata Messorachis plateau of the Municipality of Sitia in Crete.

**G. Dividend policy – Distribution of net profit**

In relation to dividend distribution, the Board of Directors' recommendation at the Ordinary General Meeting of Shareholders is not to distribute a dividend for the fiscal year 2019

**H. Explanatory report pursuant to article 4 par.7 & 8 of L.3556/2007**

**1. Structure of the share capital.**

The share capital of the company amounts to € 11,432,040, fully paid up and divided into 28,580,100 common registered shares of nominal value € 0.10 each. All shares are listed for trading on the Securities

Market of the ASE, in the Medium and Small Capitalization category. The shares of the company are common registered with voting rights. Each share derives all rights and obligations defined by the Law and the Company's Articles of Association.

**2. Restrictions in the transfer of shares of the company.**

The transfer of shares of the company takes place as stated by the law and there are no restrictions in their transfer from its articles of association.

**3. Significant direct or indirect participations within the meaning of the provisions of L. 3556/2007.**

From the notifications that have come to the knowledge of the Company, the significant direct and indirect participations within the meaning of L. 3556/2007 are the ones below:

On 5/4/2019 Mr. EVANGELOS CHAIDAS owns 50.091 % of the share capital of the company with 57,263,868 shares, Ms. IOULIA CHAIDA owns 6,446 % of the share capital of the company with 7,368,856 shares, Ms. ANASTASSIA CHAIDA owns 6,432 % of the share capital of the company with 7,353,332 shares and Ms. LYDIA CHAIDA owns 6,113% of the share capital of the company with 6,988,332 shares, French company Amiral Gestion owns 6,548% of the share capital of the company with 7,485,716 shares. No other natural or legal person owns a percentage higher than 5% of the share capital.

**4. Owners of any kind of shares providing special control rights.**

There are no shares of company providing special rights of control to their owners.

**5. Restrictions to the voting right.**

No restrictions to the voting right are provided in the Company’s articles of association.

**6. Agreements between the shareholders of the company.**

The company is not aware of the existence of agreements among its shareholders that would entail restrictions to the transfer of its shares or to the exercise of voting rights originating from its shares.

**7. Rules for the appointment and the replacement of members of the Board of Directors and for the amendment of the articles of association.**

The Board of Directors of the company consists in of seven (7) members, which are elected by the General Meeting for a six-year term.

The rules provided in the articles of association of the company for the appointment and replacement of the members of its Board of Directors and for the amendment of provisions of its articles of incorporation do not deviate from the provisions of L. 4548/2018.

**8. Competence of the BoD for the issuance of new shares or for the purchase of treasury shares according to article 49 of L. 4548/2018.**

By decision No 88/27-2-2020 of the Extraordinary General Meeting the purchase of Treasury Shares was decided upon the following terms:

- Term for which the approval is granted: 12 months
- Maximum limit of share price at which the acquisition can take place: € 4,00
- Minimum limit of share price at which the acquisition can take place: € 0,50
- Maximum number of shares that can be acquired: Up to 1/10 of the paid-up share capital (total number of shares).

At 31/12/2019 the Company had acquired 489,916 treasury shares of a total value of 181,137.81 euro.

**9. Significant agreements that are put in force, are amended or terminated in case of a change of control of the company following a Public Offer.**

There are no agreements put in force, amended or terminated in case of a change in the control of the Company following a public offer.

**10. Agreements with Members of the BoD or with the personnel of the Company.**

There are no agreements of the company with Members of the BoD or with its personnel which provide for the payment of compensation particularly in case of their resignation, or dismissal without cause, or of termination of their term or of their employment as a result of the Public Offer.

**I. Corporate Governance Statement**

The present statement is made in the context of the Company's compliance with the provisions of article 2 of L. 3873/2010, and refers to:

i) a) Compliance of the Company with the Code on Corporate Governance

Our Company complies with the policies and practices that are adopted by the "SEV's Code of Corporate Governance for Listed Companies" (hereinafter the "Code") and the text of which has been uploaded on SEV's website.

b) Deviation from special practices of the Code

The Company's practices, as applied in accordance with its Articles of Association, its Internal Regulation and its Code of Conduct, deviate from the special practices of the Code on the following points:

i. There is no committee for the remuneration of the members of the BoD and of the chief officers, nor a committee for the election of nominations of Board of Directors' members (L. 3016/2002, article 5).

ii. There is no procedure for the evaluation of the productivity of the members of the Board of Directors and of its (article 7.1)

iii. In the Company's Articles of association there is no provision for a procedure of electronic voting or of voting via mail by the shareholders of the General Meeting (Part II. Article 1.2). The Company expects for the issuance of the relevant ministerial decisions in order to introduce the relevant procedure.

iv. The Company has not adopted a diversity policy, including a policy on balance between sexes as regards the members of the BoD.

**Corporate Governance Rules and Practices**

The following corporate governance rules and practices are set out analytically, with clarity and specificity, in the Code Corporate Governance:

**BOARD OF DIRECTORS**

The Board of Directors exercises the Management of the company property and the company's representation. As the highest body of the company's management, it decides on all company affairs, except for those falling within the competence of the General Meeting.

Principal obligation and duty of the members of the Board of Directors is the reinforcement of the value of the company and the protection of the company interest.

The present Board of Directors consists of seven members and was elected by the Ordinary General Meeting of 30 June 2017, with a term until 30/6/2023.

The compensation of the members of the BoD, as well as any other additional benefits and compensations are determined in accordance with the provisions of L. 4548/2018 and are approved by the General Meeting of Shareholders.

The Members of the Board of Directors are the following:

1. Evangelos Chaidas son of Nikolaos – Chairman & CEO Executive Member,
2. Ioulia Chaida daughter of Evangelos – Vice-President, Executive Member,
3. Anastassia Chaida daughter of Evangelos – Member, Executive Member,
4. Lydia Chaida daughter of Evangelos – Member, Executive Member,
5. Ioannis Tamaressis son of Dionyssios – Member, Independent Non-Executive Member,
6. Efthimios Chatzistefanidis son of Stavros – Member, Independent Non-Executive Member,
7. Katsikakis Peristeris son of Georgios – Members, Non-Executive Member.

All members of the Board of Directors that are mentioned above participated in 13 meetings during the period 01/01/2019 – 31/12/2019 and appeared in person.

## GENERAL MEETING

The General Meeting of the Shareholders of the Company, according to its Articles of association, is the highest management body, which decides on every company affair and its legal decisions bind all shareholders.

The General Meeting of shareholders is convened by the Board of Directors and is regularly convening at a place and time specified by the Board of Directors within the first semester since the end of each company year.

The convocation of the general meeting is summoned at least 20 days prior to being held, by an invitation which clearly states the place and time of the convocation, the items of the agenda and the procedure which the shareholders have to follow in order to have the right to participate and vote. The Invitation is publicized as provided by the legislation and is uploaded on the Company's website.

The General Meeting meets and is in quorum provided that 1/5 of the share capital is present and represented, except in those cases where a higher quorum of 2/3 of the share capital is provided according to the articles of association.

The shareholders who participate in the general meeting and have a right to vote elect a chairman and a secretary. Thereafter the items of the agenda are discussed and decisions are taken on those subjects with full majority.

For the items discusses and decided upon, minutes are kept which are signed by the Chairman and the secretary of the meeting.

A summary of the decisions of the General Meeting is presently uploaded on the Company's website.

The Board of Directors caters for the effective exercise of the rights of the company's shareholders, who must be fully briefed on all items of the agenda.

According to Law 3884/2010, the company has to post on its website at least twenty days prior to the General Meeting, information in relation to:

- The date, hour and place of the General Meeting's convocation,
- The voting procedures, the terms of representation by proxy and the forms used for voting by proxy,
- The total number of shares and of the voting rights at the date of the convocation.

The rights of the Company's shareholders emanating from its share are proportionate to the percentage of the capital, to which the paid value of the share corresponds. Each share grants all the rights provided for by L. 4548/2018.

The transfer of the shares of the Company takes place as provided by the Law and there are no restrictions to their transfer by its articles of association, given, in fact, that they are dematerialized shares, listed in the Athens Stock Market.

**RISK MANAGEMENT AND INTERNAL AUDIT**

As internal audit system is defined the set of rules and measures which the company applies for the purpose of preventing and restraining the operations and procedures at all levels of its hierarchy and organizational structure, in order to ensure: the legality and safety of the management and of the transactions, the accuracy and reliability of the published financial statements and any other financial information and announcement, as well as the performance of the operational systems and workings of the company.

The BoD takes advantage of the internal audit system so as to protect the company's assets, assess the risks that emerge from all its operations and provide accurate and full information to the shareholders as to the actual condition and prospects of the company, as well as about the means of treating the risks that have been diagnosed.

To achieve the above, the BoD determines the framework of the internal audit's operation, approves the procedures for its conduct and the evaluation of its results and decides about its staffing, in compliance with the dictates of the applicable for the matter legal and institutional framework. It establishes a special departmental internal audit unit, which is independent, does not come hierarchically under any other organization unit and is supervised by the company's Audit Committee.

The establishment of the Audit Committee takes place upon decision of the General Meeting of shareholders in the context of applying the existing institutional framework and the provisions on corporate governance. The Audit Committee reports to the BoD.

The Committee's main purpose is to assist the BoD in exercising its supervisory duties, in securing transparency in corporate activities and in fulfilling its responsibilities and obligations vis-à-vis the shareholders and the supervisory authorities. Article 44 par. 3 of the recent law 4449/24.1.2017 determines, among else, the competences of the Audit Committee.

The Chairman and the Members of the Committee are elected by the General Meeting of shareholders.

The members of the Committee are three.

Ioannis Tamaressis, Independent Non-Executive Member,

Stavros Issaakidis, Eonomist,

Vasileios Petinis, Specialist in accounting and auditing matters

**Audit committee**

1. Monitors the procedure and conduct of the mandatory audit of the individual and consolidated financial statements of the Company. In this context, it briefs the BoD by submitting a relevant report on the issues that have emerged from the conduct of the mandatory audit, explaining in detail:

a) The contribution of the mandatory audit to the quality and integrity of the financial information; namely, to the accuracy, completeness and correctness of the financial information, including the relevant notifications, which are approved by the BoD and published.

b) Its role in the procedure under (a) above; namely in recording the actions to which the Audit Committee proceeded in the context of conducting the mandatory audit.

2. Monitors, examines and evaluates the procedure for the preparation of the financial information; namely the mechanisms and production systems, the flow and dissemination of the financial information produced by the Company’s organizational units that are involved. The Audit Committee informs the Board of Directors with its findings and submits proposals for the improvement of the procedure, if deemed purposeful.

3. Monitors, examines and evaluates the sufficiency and effectiveness of the totality of policies, procedures and safeguards of the Company as regards, on one hand, the internal audit system and, on the other hand, the assessment and management of risk in relation to the financial information. As regards the operation of the internal audit, the Audit Committee monitors and inspects the correct operation of the Group’s Internal Audit Department and evaluates its work, adequacy and effectiveness, without, however, influencing its independence. In addition, it reviews the published information as regards the internal audit and the main risks and uncertainties of the Company, in relation to the financial information. In this context, the Audit Committee informs the Board of Directors of its findings and submits improvement proposals if deemed necessary.

4. Monitors and follows the independence of the auditors or of the audit firms in accordance with L. 4449/2017 (articles 21, 22, 23, 26 και 27), as well as with article 6 of Regulation (EU) no. 537/2014 of the European Parliament and Council; particularly, the appropriateness of providing non-audit services to the audited entity, according to article 5 of the Regulation.

5. Is responsible for the process of selecting auditors or audit firms and nominates the auditors or audit companies to be appointed by decision of the General Meeting.

The Audit Committee convened 4 times in 2019, cooperated with the Company's Internal Audit Department and gave the appropriate instructions for the continuation of the audit. It discussed its findings and conclusions with the Company's Internal Auditor and confirmed the correctness of the process of preparing its financial statements in cooperation with the Group's external auditors.

## RELATIONS WITH SHAREHOLDERS – INVESTORS

The BoD has to cater for the good and continuous communication with all shareholders of the company. In that direction, the Shareholders' Service Department and the Corporate Announcements Department operate within the company; there is also a website in operation, whereat a number of useful information for the company's shareholders are published.

Apart from the above, the Chairman and CEO, the Financial Director or other officers, as per case, may appear at meetings with main principal shareholders of the company.

**Metamorfossi 29/05/2020**

**The Chairman of the Board of Directors**

**Evangelos Chaidas**

# 4. Annual Corporate and Consolidated Financial Statements for the period from 1st January to 31st December 2019

## 4.1. Total Revenue Status

| | CONSOLIDATED DATA | | CORPORATE DATA | |
|---|---|---|---|---|
| | **1/1 - 31/12/2019** | **1/1 - 31/12/2018** | **1/1 - 31/12/2019** | **1/1 - 31/12/2018** |
| **Sales** | **44,491,049** | **60,450,595** | **40,588,167** | **53,170,861** |
| Cost of Sales | (25,045,450) | (28,175,244) | (20,687,506) | (22,696,559) |
| **Gross Profit** | **19,445,599** | **32,275,351** | **19,900,661** | **30,474,302** |
| Other operating revenue | 1,577,909 | 1,568,903 | 778,853 | 923,709 |
| Costs of disposal | (6,927,469) | (7,186,407) | (6,550,654) | (6,732,203) |
| Administrative expenses | (5,252,730) | (5,294,505) | (4,418,419) | (4,169,935) |
| Research and development expenses | (67,328) | (43,873) | (67,328) | (43,873) |
| Other operating expenses | (1,052,427) | (900,027) | (852,847) | (580,178) |
| **Profit before Tax Financial and investing Results** | **7,723,554** | **20,419,443** | **8,790,266** | **19,871,823** |
| Financial Revenues | 114 | 2,331 | 90 | 2,330 |
| Financial Expenses | (1,815,448) | (1,636,278) | (1,630,525) | (1,329,603) |
| Other Financial Results | 54,335 | (35,158) | (1,115,665) | (35,158) |
| Investment activity results | 0 | 4,356,262 | 0 | 0 |
| Profit / Loss from associates | 0 | (896,482) | 0 | 0 |
| **Net Profit / (Loss) before tax** | **5,962,555** | **22,210,118** | **6,044,166** | **18,509,391** |
| Income tax | (2,160,469) | (5,592,214) | (1,677,007) | (6,461,589) |
| **Net Profit / (Loss) after tax (from continuing & discontinued operations)** | **3,802,086** | **16,617,904** | **4,367,159** | **12,047,803** |
| **Other Comprehensive Income: Amounts that are not reclassified in the Statements of Profit and Loss in subsequent periods:** | | | | |
| Actuarial Results | (131,537) | (1,486) | (130,027) | 16,535 |
| Income tax of items of the other comprehensive income | 31,569 | 135 | 31,206 | (4,630) |
| **Total Other Comprehensive Income after tax** | (99,968) | (1,351) | (98,820) | 11,905 |
| **Total Comprehensive Income after tax** | **3,702,118** | **16,616,553** | **4,268,338** | **12,059,708** |
| **Total Comprehensive Profit or Loss after tax attributable to:** | | | | |
| Owners of the Parent Company | 3,697,542 | 16,632,628 | 4,268,338 | 12,059,708 |
| Non-controlling Interests | 4,576 | (16,075) | | |

| | | | | |
|---|---|---|---|---|
| **Profit period after taxes attributed to** | | | | |
| Owners of the Parent Company | 3,797,358 | 16,633,355 | 4,367,159 | 12,047,803 |
| Non-controlling Interests | 4,729 | (15,451) | | |
| Basic Earnings per Share attributable to Owners of the Parent Company | 0,0334 | 0,1463 | 0,0384 | 0,1060 |
| **Summary of results of the period:** | | | | |
| Profit before tax, Financial, Investment Results and Depreciation | 11,670,347 | 23,567,725 | 11,234,754 | 21,520,487 |

The accompanying notes are an integral part of these Annual Corporate and Consolidated Financial Statements.

* The Group and the Company did not proceed with the adjustment of the comparative amounts of 2018 during the implementation of IFRS 16 (see in detail Note 6.2.3).

## 4.2. Statement of Financial Position

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Assets** | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| **Non-Current Assets** | | | | |
| Tangible fixed assets | 46,201,540 | 44,873,771 | 22,763,515 | 19,926,375 |
| Property Investment | 28,856,406 | 28,835,851 | 55,851 | 55,851 |
| Intangible assets | 8,045,919 | 7,438,640 | 7,798,402 | 7,163,611 |
| Investments in subsidiaries | 0 | 0 | 31,059,184 | 30,429,184 |
| Deferred tax assets | 1,112,643 | 1,133,127 | 3,128,592 | 2,924,400 |
| Other long-term receivables | 55,426 | 58,781 | 35,726 | 34,764 |
| | **84,271,934** | **82,340,169** | **64,841,271** | **60,534,184** |
| **Current Assets** | | | | |
| Reserve | 21,391,627 | 19,686,898 | 20,408,919 | 18,558,470 |
| Customers and other trade receivables | 6,375,559 | 7,261,978 | 7,459,188 | 7,364,905 |
| Other receivables | 8,171,081 | 7,140,884 | 7,134,321 | 8,308,584 |
| Financial assets measured at fair value through profit and loss | 72,863 | 18,528 | 72,863 | 18,528 |
| Cash and cash equivalents | 1,584,248 | 1,869,531 | 1,446,133 | 1,643,977 |
| | **37,595,378** | **35,977,819** | **36,521,423** | **35,894,464** |
| **Total Assets** | **121,867,312** | **118,317,989** | **101,362,694** | **96,428,648** |
| **Own Funds & Liabilities** | | | | |
| **Own Funds** | | | | |
| Equity Capital | 11,432,040 | 11,432,040 | 11,432,040 | 11,432,040 |
| Equity Premium | 43,792 | 43,792 | 43,792 | 43,792 |
| Asset Revaluation differences | 461,172 | 461,172 | 437,237 | 437,237 |
| Other Reserves | 9,382,626 | 8,786,715 | 9,382,626 | 8,786,715 |
| Reserve for Own shares | (181,138) | (181,138) | (181,138) | (181,138) |
| Retained Earnings | 25,050,540 | 26,217,705 | 22,762,801 | 23,359,015 |
| **Equity capital attributable to the shareholders of the Parent Company** | **46,189,032** | **46,760,286** | **43,877,358** | **43,877,661** |
| Non-controlling Interests | 503,655 | 498,926 | | |
| **Total Equity Capital** | **46,692,687** | **47,259,211** | **43,877,358** | **43,877,661** |
| **Long-Term Liabilities** | | | | |
| Long-term debt obligations | 16,607,836 | 19,304,533 | 14,294,500 | 15,834,531 |
| Obligations from financial leases | 1,609,822 | 779,168 | 1,609,822 | 779,168 |
| Deferred tax obligations | 6,663,383 | 6,472,643 | 124,363 | 124,935 |
| Post-employment Employee benefits obligation due to resignation | 860,843 | 755,925 | 825,248 | 650,417 |
| Subsidies | 5,979,610 | 6,572,995 | 143,134 | 193,591 |
| Provisions | 266,981 | 253,933 | 231,901 | 220,523 |
| **Total Long-Term Liabilities** | **31,988,475** | **34,139,197** | **17,228,966** | **17,803,165** |
| **Short-Term Liabilities** | | | | |
| Suppliers and other obligations | 8,132,934 | 10,694,287 | 7,100,945 | 9,505,682 |
| Current tax liabilities | 5,238,426 | 7,151,851 | 4,990,454 | 6,749,211 |
| Short-term debt obligations | 20,205,014 | 12,612,770 | 19,175,272 | 12,343,371 |
| Long-term debt obligations payable in the next fiscal year | 2,548,473 | 1,786,475 | 1,647,780 | 1,124,816 |
| Short-term obligations from financial leases | 1,191,322 | 534,461 | 1,191,322 | 534,461 |
| Other short-term liabilities | 5,869,981 | 4,139,736 | 6,150,597 | 4,490,281 |
| **Total Short-Term Liabilities** | **43,186,150** | **36,919,580** | **40,256,370** | **34,747,822** |
| **Total Liabilities** | **75,174,625** | **71,058,777** | **57,485,337** | **52,550,987** |
| **Total Own Funds and Liabilities Assets** | **121,867,311** | **118,317,989** | **101,362,694** | **96,428,648** |

The accompanying notes are an integral part of these Annual Corporate and Consolidated Financial Statements.

* The Group and the Company did not proceed with the adjustment of the comparative amounts of 2018 during the implementation of IFRS 16 (see in detail Note 6.2.3).

## 4.3. Consolidated Statement of Changes in Equity

(Amounts in €)

| | Attributable to the shareholders of the parent company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Equity Capital** | **Equity Premium** | **Fair value reserve** | **Other stock** | **Reserve for Own Shares** | **Retained Earnings** | **Total** | **Noncontrolling Interests** | **Total Own Funds** |
| **Total equity 31 December 2017** | **11,432,040** | **43,792** | **461,172** | **7,820,333** | **(313,506)** | **16,573,207** | **36,017,038** | **(12,213)** | **36,004,825** |
| Effect of IFRS 9 | | | | | | **(216,630)** | **(216,630)** | | **(216,630)** |
| | | | | | | | | | **0** |
| **Adjusted balance January 1, 2018** | **11,432,040** | **43,792** | **461,172** | **7,820,333** | **(313,506)** | **16,356,578** | **35,800,408** | **(12,213)** | **35,788,196** |
| Purchase of Own Shares | | | | | (64,130) | | **(64,130)** | | **(64,130)** |
| Regular Deposit Formation | | | | 508,955 | | (508,955) | **0** | | **0** |
| Distribution of profits from previous years | | | | | | (6,262,547) | **(6,262,547)** | | **(6,262,547)** |
| Acquisition of a subsidiary | | | | | | | | 527,214 | **527,214** |
| Sale of Own Shares | | | | 457,427 | 196,498 | | **653,925** | | **653,925** |
| **Transactions with Owners** | **0** | **0** | **0** | **966,382** | **132,368** | **(6,771,502)** | **(5,672,752)** | **527,214** | **(5,145,538)** |
| Result of Use 1/1 - 31/12/2018 | | | | | | 16,633,355 | **16,633,355** | (15,451) | **16,617,904** |
| Other Total Revenue for the Period 1.1 - 31.12.2018 | | | | | | (727) | **(727)** | (624) | **(1,351)** |
| **Collective Total Revenue for the Period 1/1 - 31/12/2018** | **0** | **0** | **0** | **0** | **0** | **16,632,628** | **16,632,628** | **(16,075)** | **16,616,553** |
| **Balances 31/12/2018** | **11,432,040** | **43,792** | **461,172** | **8,786,716** | **(181,138)** | **26,217,704** | **46,760,285** | **498,926** | **47,259,211** |
| **Total equity for the start of the period 1/1/2019** | **11,432,040** | **43,792** | **461,172** | **8,786,716** | **(181,138)** | **26,217,704** | **46,760,285** | **498,926** | **47,259,211** |
| Acquisition of Own Shares | | | | | | | **0** | | **0** |
| Formation of Legal Reserve | | | | 595,911 | | (595,911) | **0** | | **0** |
| Distribution of profits of previous fiscal years | | | | | | (4,268,643) | **(4,268,643)** | | **(4,268,643)** |
| Dividend of use | | | | | | | **0** | | **0** |
| Acquisition of a subsidiary | | | | | | | **0** | | **0** |
| Sale of Own Shares | | | | | | | **0** | | **0** |
| Return of Share Capital | | | | | | | **0** | | **0** |
| **Transactions with Owners** | **0** | **0** | **0** | **595,911** | **0** | **(4,864,554)** | **(4,268,643)** | **0** | **(4,268,643)** |
| Result of Use 1/1 - 31/12/2019 | | | | | | 3.797.510 | **3.797.510** | 4.576 | **3.802.086** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Other Total Revenue for the Period 1.1 - 31.12.2019 | | | | | | (100.121) | **(100.501)** | 153 | **(99.968)** |
| **Aggregate Total Income for the Period 1/1 - 31/12/2019** | **0** | **0** | **0** | **0** | **0** | **3.697.388** | **3.697.388** | **4.729** | **3.702.118** |
| **Balances 31/12/2019** | **11,432,040** | **43,792** | **461,172** | **9,382,627** | **(181,138)** | **25.050.540** | **46.189.032** | **503.655** | **46.692.687** |

The accompanying notes are an integral part of these Annual Corporate and Consolidated Financial Statements.
*The Group and the Company did not proceed with the adjustment of the comparative amounts of 2018 during the implementation of IFRS 16 (see in detail Note 6.2.3).

## 4.4. Statement of Changes in the Company's Equity

(Amounts in €)

| | Equity Capital | Equity Premium | Fair value Reserve | Other reserve | Reserve for Own Shares | Retained Earnings | Total |
|---|---|---|---|---|---|---|---|
| **Total equity 31 December 2017** | **11,432,040** | **43,792** | **437,237** | **7,820,333** | **(313,506)** | **18,287,439** | **37,707,335** |
| Effect of IFRS 9 | | | | | | **(216,630)** | **(216,630)** |
| **Adjusted balance January 1, 2018** | **11,432,040** | **43,792** | **437,237** | **7,820,333** | **(313,506)** | **18,070,810** | **37,490,706** |
| Formation of own-interest Reserve | | | | 508,955 | | (508,955) | **0** |
| Distribution of profits of previous fiscal years | | | | | | (6,262,547) | **(6,262,547)** |
| Acquisition of Own Shares | | | | | (64,130) | | **(64,130)** |
| Sale of Own Shares | | | | 457,427 | 196,498 | | **653,925** |
| **Transactions with Owners** | **0** | **0** | **0** | **966,382** | **172,093** | **(6,771,502)** | **(5,672,752)** |
| Period Result 1/1 - 31/12/2018 | | | | | | 12,047,803 | **12,047,803** |
| Other Total Revenue for the Period 1.1 - 31.12.2018 | | | | | | 11,905 | **11,905** |
| **Total Comprehensive Income for the Period 1/1 - 31/12/2018** | **0** | **0** | **0** | **0** | **0** | **12,059,708** | **12,059,708** |
| **Balance Amounts 31/12/2018** | **11,432,040** | **43,792** | **437,237** | **8,786,715** | **(181,138)** | **23,359,016** | **43,877,662** |
| **Total own funds at the beginning of the 1/1/2019** | **11,432,040** | **43,792** | **437,237** | **8,786,715** | **(181,138)** | **23,359,016** | **43,877,662** |
| Formation of Legal Reserve | | | | 595,911 | | (595,911) | **0** |
| Distribution of profits of previous fiscal years | | | | | | (4,268,643) | **(4,268,643)** |
| Dividend usage | | | | | | | **0** |
| **Transactions with Owners** | **0** | **0** | **0** | **595,911** | **0** | **(4,864,554)** | **(4,268,643)** |
| Period Result 1/1 - 31/12/2019 | | | | | | 4.367.159 | **4.367.159** |
| Other Total Revenue for the Period 1.1 - 31.12.2019 | | | | | | (98,820) | **(98,820)** |
| **Total Comprehensive Income for the Period 1/1 - 31/12/2019** | **0** | **0** | **0** | **0** | **0** | **4,868,338** | **4,868,338** |
| **Balance Amounts 31/12/2019** | **11,432,040** | **43,792** | **437,237** | **9,382,626** | **(181,138)** | **22.762.800** | **43.877.357** |

The accompanying notes are an integral part of these Annual Corporate and Consolidated Financial Statements.
* The Group and the Company did not proceed with the adjustment of the comparative amounts of 2018 during the implementation of IFRS 16 (see in detail Note 6.2.3).

## 4.5. Statement of Cash Flows (Indirect Method)

(Amounts in €)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1/1 - 31/12/2019 | 1/1 - 31/12/2018 | 1/1 - 31/12/2019 | 1/1 - 31/12/2018 |
| **Operating Activities** | - | - | | |
| | - | - | | |
| **Profit (Loss) before tax** | **5,962,555** | **22,210,119** | **6,044,166** | **18,509,391** |
| *Plus / minus adjustments for:* | | | | |
| Depreciations | 4,540,223 | 3,749,480 | 2,494,991 | 1,706,935 |
| Provisions | 862,480 | 1,024,176 | 634,397 | 685,824 |
| Exchange differences | 746 | (5,682) | 746 | (5,682) |
| Recognized revenue from subsidies | (593,385) | | (50,457) | |
| Results (income, expenses, profit and loss) from investing operation | (113,427) | (3,454,772) | 1,056,596 | 25,353 |
| Debit interest and related expenses | 1,814,364 | 1,634,232 | 1,630,525 | 1,329,603 |
| ***Plus / minus adjustments for changes in working capital accounts or that are related to the operating activities:*** | | | | |
| Decrease / (increase) of reserves | (1,854,728) | (1,900,787) | (1,850,449) | (1,419,207) |
| Decrease / (increase) of receivables | (13,890) | (8,703,346) | (3,125,644) | (7,200,759) |
| (Decrease) / increase in liabilities (excluding banks) | (7,067,532) | 3,660,899 | (4,290,697) | 1,888,977 |
| *Minus:* | | | | |
| Paid debit interest and related expenses | (1,673,269) | (1,627,296) | (1,514,497) | (1,303,381) |
| Taxes paid | (826,214) | (3,435,707) | (697,606) | (3,379,638) |
| ***Total inflows / (outflows) from operating activities (a)*** | **1,037,923** | **12,550,119** | **332,072** | **10,779,146** |
| **Investing activities** | - | - | | |
| - | - | - | | |
| Acquisition of subsidiaries, related, joint ventures and other investments | 0 | (14,000,000) | 0 | (14,000,000) |
| Liquidation - Sale of subsidiaries, affiliates, joint ventures and other investments | 0 | 0 | 0 | 0 |
| Purchase of tangible and intangible fixed assets | (5,009,215) | (12,537,441) | (4,363,632) | (12,309,142) |
| Purchase of real estate investments | 942,593 | 0 | 932,073 | 0 |
| Proceeds from sales of tangible and intangible fixed assets | 0 | 10,800 | 0 | 10,800 |
| Proceeds from sales of investment property | 0 | 0 | 0 | 0 |
| Purchase of financial assets | 0 | 0 | 0 | 0 |
| Proceeds / (Payments) from sales of financial assets at fair value through profit-loss | 0 | 0 | 0 | 0 |
| Interest received | 114 | 2,330 | 90 | 2,330 |
| ***Total inflows / (outflows) from investing activities (b)*** | **(4,066,508)** | **(26,524,311)** | **(3,431,469)** | **(26,296,011)** |
| **Funding activities** | - | - | | |
| - | - | - | | |
| Proceeds from investment grants | 0 | 0 | 0 | 0 |
| Acquisition of Own Shares | 0 | (64,130) | 0 | (64,130) |
| Proceeds from sale of own shares | 0 | 707,237 | 0 | 707,237 |
| Return of Share Capital | 0 | | 0 | |
| Proceeds from issued / withdrawn loans | 7,908,340 | 17,789,132 | 7,908,340 | 17,789,132 |
| Repayments of loans | (3,280,537) | (1,462,350) | (2,093,505) | 0 |
| Repayments of finance leases (debt securities) | 191,291 | (329,643) | (837,489) | (329,643) |
| Dividends paid | (2,075,793) | (6,480,443) | (2,075,793) | (6,480,443) |
| ***Total inflows / (outflows) from financial operations (c)*** | **2,743,301** | **10,159,802** | **2,901,553** | **11,622,152** |
| ***Net increase / (decrease) in cash and cash equivalents of the period (a) + (b) + (c)*** | **(285,283)** | **(3,814,390)** | **(197,844)** | **(3,894,714)** |
| Cash and cash equivalents at the beginning of the period | 1,869,531 | 5,682,955 | 1,643,977 | 5,538,691 |
| Cash and cash equivalents for start-up of for subsidiaries that were incorporated into the Group for the first time | 0 | 966 | 0 | 0 |
| **Cash and cash equivalents at the end of the period Total** | **1,584,248** | **1,869,531** | **1,446,133** | **1,643,977** |

The accompanying notes are an integral part of these Annual Corporate and Consolidated Financial Statements.

* The Group and the Company did not proceed with the adjustment of the comparative amounts of 2018 during the implementation of IFRS 16 (see in detail Note 6.2.3).

# 5. Information about the Group

## 5.1 General information

The company Iktinos Hellas is a Greek société anonyme and constitutes the parent company of the group. It was established on 12/03/1974 by the Architect-Mechanic Evangelos Nik. Chaidas, who to date remains the principal shareholder. It operates under the corporate name "GREEK MARBLE INDUSTRY TECHNICAL AND TOURISTIC COMPANY IKTINOS HELLAS S.A." and the distinctive title "IKTINOS HELLAS S.A." (GG 244-12/3/1974 S.A. and Ltd Liab. Co. (E.P.E.)).

The Group's seat is in Metamorfossi Attica (7, Lykovrisseos str., P.C. 144 52). The company's shares were listed in the Athens Stock Market in 2000.

The Company's term, following a decision of the General Meeting of its shareholders on 12/01/1999, was extended until 11/03/2049.

## 5.2. Nature of Operations

The objective of the company, as such is defined in **article 2** of the company's articles of association is as follows:

Objective of the Company is:

- The exploitation in general of marble quarries, granites, decorative rocks, inert materials and related matters and byproducts, as well as the research, opening, shaping or exploitation of those quarries through a contracting or any other form of relationship, as well as the provision of know-how services.
- The cutting and processing, in any manner, of those products.
- The aforementioned products' export abroad.
- The aforementioned products' trade domestically.
- The conduct of any similar of related commercial activity, which is connected to the above objects.
- The conclusion of work contracts, for placing all of the aforementioned products in all kinds of construction works both inlands as well as abroad.
- The construction of all types of buildings, in owned or foreign properties, particularly via the known and common in transactions "flats-for-land" exchange system ("antiparochi"), the purchase and sale of property, the undertaking of any kind of technical works or studies, in combination or even separately, both inlands and abroad, on behalf of legal or natural persons of the State, Public Organizations as well as public utility Organizations, public law legal entities,

etc., as well as the industry of construction materials industry and technical works materials, in general.

- The exercise of any type of Touristic Businesses, particularly those regarding the construction and operation of hotels of sleep and food, of hostels, lodges, settlements, beaches and, in general of areas on the seaside, or not, in Greece or abroad, and, in fact, either or owned or leased properties.
- The undertaking of commercial agencies of any kind and subject matter, as well as the representation of various houses and businesses of the country or foreign, as well as the distribution, against consideration, of any object related to the objective of the company.
- The production and trade of construction materials, their import as well as their export.
- Production and exploitation of electric power out of renewable sources of energy (RSE), such as aeolian energy, solar energy, waves’ energy, tidal energy, biomass, gases emitted out of landfill sites and waste treatment plants, biogases, geothermal energy, hydraulic energy exploited by hydropower stations, as well as photovoltaic energy.
- The participation, in any manner and under any legal form, in any related, similar or identical, businesses, which operate individually or under a corporate form, that have been already established or are about to be established wither by it or by other persons, with the same objective or objectives related to those mentioned in the present article.
- All the aforementioned objectives of the company are acted on both in the interior of Greece as well as in any other foreign country.

By the extraordinary General Meeting of Shareholders of 20th March 2012, the objective of the Company was extended as follows:

- “Production and trade of agricultural products in Greece and abroad, whether these are produced in Greece or abroad, as well as the participation, in any manner and under any legal form, in any kind of related, similar or identical businesses, which operate individually or under a corporate form, that have been already established or are about to be established wither by it or by other persons, with the same objective or objectives related to those mentioned in the present article.”

The basic sector in which IKTINOS HELLAS S.A. is business active today is the sector of marble quarrying, processing and trade in marbles and granites and other decorations.

**5.3. Participations in other companies**

IKTINOS HELLAS S.A. participates, directly and indirectly, in the following companies:

**FEIDIAS HELLAS A.V.E.E.**

The company was established in 1981 as a Limited Liability Company (E.P.E.), while in 1986 it was transformed into an A.V.E.E. Its seat is at Vrilissia Municipality, Attica, at 12A, Tinou str. Its primary object of business is marble processing, particularly the section of blocks, mainly for third parties. (piecework), as well as the export of the aforementioned products abroad, any similar of related work, which is connected to the above objects. Finally, an object of work is also the conclusion of work contracts, for placing all of the aforementioned products in all kinds of construction works.

**KALLITECHNOKRATIS E.P.E.**

The KALLITECHNOKRATIS PROVISION OF SERVICES E.P.E. company was established in 1999. KALLITECHNOKRATIS E.P.E is seated at Metamorfossi, Attica and its offices are at 7, Lykovrissis str. The company's objective is the development of e sales and marbles network abroad. Its business plan has been approved by the ministry for Development and it has been included in the subsidies of the Industry Business Plan (subprogram 4, measure 2, action 9 – CLUSTERS Networks). IKTINOS HELLAS SA participates in this company by 25% and FEIDIAS HELLAS SA by 5%. The ministry of Development has declined the approval of the subsidies and KALLITECHNOKRATIS E.P.E. has appealed to the Council of State. It has been put under liquidation.

**ELECTRIC POWER PRIVATE CORPORATION S.A. (ID.E.H. S.A.)**

IKTINOS HELLAS S.A., in the context of its direct business activity in the aeolian energy, has acquired at a 100% percentage (against a total cost of Euro 2,449,500) on 21/12/2007, the company under the corporate name IDIOTIKI EPICHEIRISI HELEKTRISMOU S.A. (ELECTRIC POWER PRIVATE CORPORATION S.A.), which has as objective the production of electric power by any legal manner or means and, particularly, of the electric power which comes from renewable sources of energy.

**LATIRUS ENTERPRISES LIMITED**

On 12/12/2006, IKTINOS HELLAS S.A. acquired (against an amount of 8,283 Euro) the Cypriot company under the corporate name LATIRUS ENTERPRISES LIMITED, to which it transferred the block of shares it owned in IKTINOS TECHNIKI & TOURISTIKI S.A. Thereafter, an increase of Share Capital above par took place (the total amount of the Share Capital and above par increase come up to Euro 9,126,557), into which participated the company DolphinCI Thirteen Limited of Cyprus, a 100% subsidiary of the Dolphin Capital Investors LTD investment company, which is listed in the Stock Market of London (AIM). Through this and from the direct sale of shares, IKTINOS HELLAS S.A. retained a participation of a percentage of (20.344%) of the shares. IKTINOS HELLAS proceeded to purchase 79,656 % of the Latirus Ltd company against 14,000,000 Euro from the DolphinCi Thirteen Ltd company on 30/3/2018.

After the acquisition, IKTINOS HELLAS owns 100% of the Latirus Ltd company and is the sole shareholder.

**AIOLIKI MEGA ISSOMA S.A.**

IKTINOS HELLAS S.A., in the context of its business activity in the aeolian energy, proceeded to establish by deed of incorporation no 8497/21-1-2010, at a 100% percentage, the "Aioliki Mega Issoma Société Anonyme of electric power production", which has as purpose the production of electric power in any legal manner or means and, particularly, of the electric power which comes from renewable sources of energy.

**AIOLIKI LYKOFOLIA S.A.**

IKTINOS HELLAS S.A., in the context of its business activity in the aeolian energy, proceeded to establish by deed of incorporation no 8854/24-2-2011, at a 100% percentage, the "Aioliki Lykofolia Société Anonyme of electric power production", which has as purpose the production of electric power in any legal manner or means and, particularly, of the electric power which comes from renewable sources of energy.

**AIOLIKI MAVROLITHARO S.A.**

IKTINOS HELLAS S.A., in the context of its business activity in the aeolian energy, proceeded to establish by deed of incorporation no 8855/24-2-2011, at a 100% percentage, the "Aioliki Mavrolitharo Société Anonyme of electric power production", which has as purpose the production of electric power in any legal manner or means and, particularly, of the electric power which comes from renewable sources of energy.

**AIOLIKI SYNORA S.A.**

IKTINOS HELLAS S.A., in the context of its business activity in the aeolian energy, proceeded to establish by deed of incorporation no 9377/21-3-2013, at a 100% percentage through its subsidiary company IDEH S.A., the "Aioliki Synora Société Anonyme of electric power production", which has as purpose the production of electric power in any legal manner or means and, particularly, of the electric power which comes from renewable sources of energy.

**IKTINOS MARMARON**

IKTINOS HELLAS, aiming at improving the services it provides in the domestic market and at undertaking big projects, decided to establish by deed of incorporation no 275/18-12-2015, a new company, IKTINOS MARMARON, which essentially comprises a continuation of the establishment of the store at Kifissias Avenue.

**IKTINOS TECHNIKI & TOURISTIKI**

IKTINOS TECHNIKI & TOURISTIKI is active in the real estate sector and will develop a touristic establishment in the location Faneromeni Bay of the Municipality of Sitia in an area of approximately 2,800 acres.

### 5.4. Companies participating in the consolidated financial statements of the Group

The companies which participate in the consolidated financial statements are presented on the following table:

| CORPORATE NAME | SEAT | PARTICIPATION PERCENTAGE | METHOD OF CONSOLIDATION |
|---|---|---|---|
| IKTINOS HELLAS S.A. | 7, Lykovrissis, Metamorfossi Attica | Parent | Full Consolidation |
| FEIDIAS HELLAS S.A. | 12A, Tinou, Vrilissia Attica | 90.00% | Full Consolidation |
| KALLITECHNOKRATIS E.P.E. | 7, Lykovrissis, Metamorfossi Attica | 30.00% | Full Consolidation |
| IKTINOS MARMARON SA | 112, Kifissias Av. - Maroussi | 100.00% | Full Consolidation |
| IDEH S.A. | 11, Aischylou and Agion Anargyron, Drama | 100.00% | Full Consolidation |
| AIOLIKI MEGA ISSOMA S.A. | 7, Lykovrissis, Metamorfossi Attica | 100.00% | Full Consolidation |
| AIOLIKI MAVROLITHARO S.A. | 7, Lykovrissis, Metamorfossi Attica | 100.00% | Full Consolidation |
| AIOLIKI LYKOFOLIA S.A. | 7, Lykovrissis, Metamorfossi Attica | 100.00% | Full Consolidation |
| AIOLIKI SYNORA S.A. | 7, Lykovrissis, Metamorfossi Attica | 100.00% | Full Consolidation |
| IKTINOS TECHNIKI & TOURISTIKI S.A. | 7, Lykovrissis, Metamorfossi Attica | 97.764% | Full Consolidation |
| LATIRUS ENTERPRISES Ltd | 11, Florinis - Nicosia | 100.00% | Full Consolidation |

In the special financial statements of the parent, the subsidiaries are valued at the acquisition value. Kallitechnokratis Ltd. is integrated with the total consolidation method because the parent company has control.

# 6. Framework of preparation of financial statements

## 6.1 General framework of preparation

The consolidated financial statements of IKTINOS HELLAS S.A. have been prepared on the basis of the principle the going concern and are in accordance with the International Financial Reporting Standards (IFRS) that have been issued by the International Accounting Standards Board (IASB), as well as with their Interpretations, which have been issued by the Standards Interpretations Committee (IFRIC) and have been adopted by the European Union until 31/12/2019. The company and consolidated financial statements have been prepared on the basis of the historical cost principle, as this is amended by the readjustment of plots and buildings and of financial receivables and payables at reasonable values through the result.

The preparation of financial statements in conformity with the International Financial Reporting Standards (IFRS) requires the use of accounting estimates. It also requires the judgment of the management in applying the accounting principles of the group. Cases involving a higher degree of judgment or complexity, or cases where assumptions and estimates are significant to the consolidated financial statements, are included in note 6.3.

The accounting principles on the basis of which the financial statements were prepared, are consistent to those used for preparing the annual financial statements of the Group for fiscal year 2018 and have been consistently applied to all the periods presented, safe for those described in paragraph 6.2.

### 6.2.1 Amendments to Accounting Policies

The following amendments and Interpretations of the IFRS have been issues by the International Accounting Standards Board (IASB), been adopted by the European Union and their application is obligatory since 01/01/2019 or subsequently.

- **IFRS 16 "Leases" (applicable for annual periods starting on or after 01/01/2019)**

In January 2016, IASB launched a new model, IFRS 16. The purpose of the IASB project was to develop a new lease standard that sets out the principles applied by both parties to a contract - the customer ("the lessee") and the supplier ("the lessor") - to provide relevant information on leases in a way that accurately depicts these transactions. To achieve this, the lessee must recognize the assets and liabilities arising from the lease. The Group examined the impact of the new standard on the consolidated and corporate Financial Statements. A detailed report on this is presented in Note 6.2.3.

**IFRIC 23 "Uncertainty regarding Income Tax Operations" (applicable for annual periods starting on or after 01/01/2019)**

In June 2017, the IASB issued a new Interpretation of IFRIC 23. IAS 12 "Income Taxes" identifies the accounting treatment of current and deferred tax, but does not specify how its implications should be reflected. uncertainty. IFRIC 23 includes the additional requirements of IAS 12, defining the manner in which the effects of uncertainty on the accounting treatment of income taxes should be reflected. The new Interpretation has no effect on the consolidated and corporate Financial Statements.

- **Amendments to IFRS 9 "Prepaid Assets with Negative Return" (applicable to annual periods beginning on or after 01/01/2019)**

In October 2017, the IASB issued amendments of limited purpose to IFRS 9. Based on the existing requirements of IFRS 9, an entity would measure a financial asset with negative return on fair value through profit-loss, as its " negative return" could be considered as generating potential cash flows that do not only consist of capital and interest payments. Under the amendments, entities may measure specific prepaid financial assets with a negative return on amortized cost or at fair value through other comprehensive income, provided that a specific condition is met. The amendments do not affect the consolidated and corporate Financial Statements.

- **Amendments to IAS 28 "Long-term Investments in Associates and Joint Ventures" (applies to annual periods beginning on or after 01/01/2019**

In October 2017, the IASB issued amendments of limited purpose to IAS 28. The purpose of these amendments is to provide clarifications on the accounting treatment of long-term participations in a associate or joint venture - to which the equity method does not apply - based on IFRS 9. The amendments do not affect the consolidated and corporate Financial Statements.

- **Annual Improvements to IFRSs – Years 2015-2017 (applies to annual periods beginning on or after 01/01/2019)**

In December 2017, the IASB issued the "Annual Improvements to IFRSs - Cycle 2015-2017", which consists of a series of amendments to some Standards and is part of the program for annual improvements to IFRS. The amendments included in this cycle are as follows: **IFRS 3** - **IFRS 11**: Interests previously held by the acquirer in a joint venture, **IAS 12**: Effect on income tax on payments for financial instruments classified as equity, **IAS 23**: Borrowing costs eligible for capitalization. The amendments are effective for annual periods beginning on or after 1 January 2019. The amendments do not affect the consolidated and corporate Financial Statements.

- **Amendments to IAS 19 "Amendment, curtailment or Settlement of a Defined Benefit Plan" (applied to annual periods beginning on or after 01/01/2019)**

In February 2018, the IASB issued limited-purpose amendments to IAS 19, under which an entity is required to use updated actuarial assumptions when determining the current service cost and net interest for the remaining period after the amendment, curtailment or settlement of a defined benefit plan. The purpose of these amendments is to enhance the understanding of the financial statements and to provide more useful information to those users. The amendments do not affect the consolidated and corporate Financial Statements.

## 6.2.2 New Standards, Interpretations, Revisions and Amendments to Existing Standards, which have not yet entered into force or have not been adopted by the European Union

The following new Standards, Interpretations and Standards amendments have been issued by the International Accounting Standards Board (IASB) but either have not yet entered into force or have not been adopted by the European Union.

- **Revision of the Financial Reporting Conceptual Framework (applies to annual periods beginning on or after 01/01/2020)**

In March 2018, the IASB revised the Financial Reporting Conceptual Franework, the purpose of which was to incorporate important issues that were not covered, as well as updating and providing clarification in relation to specific guidance. The revised Financial Reporting Conceptual Framework contains a new chapter about Measurement, which analyzes the measurement concept, including factors to be taken into account when choosing a measurement basis, issues relating to presentation and disclosure in the Financial Statements and guidance regarding the derecognition of assets and liabilities from the Financial Statements. Furthermore, the revised Financial Conceptual Framework includes improved definitions of assets and liabilities, guidance to assist in the application of these definitions, updated criteria for the recognition of assets and liabilities, as well as clarification of significant areas such as management roles, conservatism and uncertainty when measuring financial information. The Group will examine the impact of all of the above in its Financial Statements. These have not been adopted by the European Union.

- **Amendments to the References of the Financial Reporting Conceptual Framework (applies to annual periods beginning on or after 01/01/2020)**

In March 2018, the IASB issued Amendments to the References of the Financial Reporting Conceptual Framework as a follow-up to its revision. Some Standards include explicit references to earlier versions of the Financial Reporting Conceptual Framework. The purpose of these amendments is to update these references and support the transition to the revised Financial Reporting Conceptual Framework. The Group will examine the impact of all of the above in its Financial Statements. These have not been adopted by the European Union.

- **Amendments to IAS 1 and IAS 8 "Definition of Material" (applies to annual periods beginning on or after 01/01/2020)**

In October 2018, the IASB made amendments to the definition of material, in order to make it easier for companies to make judgments about the material size. The definition of material helps companies to decide what information should be included in their Financial Statements. The new definition amends IAS 1 and IAS 8. The amendments clarify the definition of material and how it should be applied by including guidance in the definition that has been included in other Standards so far. The Group will examine the impact of all of the above in its Financial Statements, although they are not expected to have any. These have not been adopted by the European Union.

- **Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Reference Point Reform" (applicable for annual periods beginning on or after 01/01/2020)**

In September 2019, the IASB issued amendments to certain requirements for specific accounting payments, in order to offset any potential consequences of the uncertainty arising from the reform of the Interest Rate Point. The amendments were designed to support the provision of useful financial information by companies during the period of uncertainty, which results from the gradual abolition of interest rates, such as interbank interest rates. In addition, companies are required to provide additional information to investors regarding the compensation relations that are directly affected by these uncertainty conditions. The Group will consider the impact of all of the above on its Financial Statements, although they are not expected to have any. The above have been adopted by the European Union with a date of entry into force on 01/01/2020.

- **Amendments to IFRS 3 "Definition of a Business" (applies to annual periods beginning on or after 01/01/2020)**

In October 2018, the IASB issued limited-purpose amendments to IFRS 3 to improve the definition of a business. The changes will help companies determine whether an acquisition is a business combination or asset acquisition. The amended definition indicates that the outflow of a business is to provide goods and services to customers, while the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and third parties. In addition to amending the definition of the business, the IASB provides additional guidance through this issue. The Group will examine the impact of all of the above in its Financial Statements, although they are not expected to have any. The above have been adopted by the European Union with a date of entry into force on 01/01/2020.

- **IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 01/01/2021)**

In May 2017, the IASB issued a new Standard, IFRS 17, replacing interim Standard IFRS 4. The IASB's purpose was to develop a single principle-based standard for the accounting treatment of all types of insurance contracts, including reinsurance contracts held by an insurer. A single principle-based standard will enhance the comparability of the financial reporting between economic entities, jurisdictions and capital markets. IFRS 17 specifies the requirements that an entity should apply to financial reporting that is related to insurance contracts it issues and reinsurance contracts it holds. The Group will examine the impact of all of the above in its Financial Statements, although they are not expected to have any. These have not been adopted by the European Union.

- **Amendments to IAS 1 "Classification of Obligations as Short-Term or Long-Term" (applicable for annual periods starting on or after 01/01/2022)**

In January 2020, the IASB issued amendments to IAS 1 that affect the requirements for the presentation of obligations. In particular, the amendments clarify one of the criteria for classifying an obligation as long-term, the requirement for an entity to have the right to postpone the settlement of the obligation for at least 12 months after the reporting period. Modifications include:
(a) clarifying that an entity's right to defer settlement should be available on the reporting date, (b) clarifying that the classification of the obligation is not affected by the administration's intentions or expectations regarding the exercise of the right to defer settlement (c) explain how lending conditions affect classification, and (d) clarify the requirements for classifying the obligations of an entity to be or possibly settle through the issuance of equity securities. The Group will consider the impact of all of the above on its Financial Statements, although they are not expected to have any. The above have not been adopted by the European Union.

### 6.2.3 Effect on Financial Statements of 31/12/2019 from the application of IFRS 16 "Leases" and New Accounting Policy for leases

#### a) First application of IFRS 16 on 01/01/2019

As a result of the changes in accounting policies, as described above, the Group and the Company on January 1, 2019 adopted IFRS 16, applying the modified retroactive approach. Based on this approach, the Group recognized an obligation which it measured at its present value, as it results from the outstanding rental surplus with the additional incremental borrowing cost that was valid at the date of the initial application of the Standard that is, on 01/01/2019.

Furthermore, it recognized a right to use a fixed asset by assigning this right to an amount equal to the corresponding liability recognized, adapted to any advance payments that existed immediately before the date of initial application. The comparative information was not reprinted, and there was no effect of the application of the new Standard on the balance of retained earnings during its first application, that is on 01/01/2019.

Furthermore, the Group applied the exception provided by the Standard regarding the determination of leases and more specifically, the applicable practice of IFRS 16, according to which it does not need to re-evaluate whether an arrangement is or contains a lease on the date of the first transfer. This means that IFRS 16 was applied to contracts that have already been recognized as leases by applying IAS 17 "Leases" and IFRIC 4 "Determining whether an arrangement Contains Lease".

Finally, the Group used the exceptions of the Standard regarding short-term leases and low-value fixed leases. With regard to the discount rate, the Group decided to apply a single discount rate to each category of leases with similar characteristics.

The adoption of IFRS 16 had the following significant results for the Group:

A) Leases previously classified as operational:
- The Group had operational leases related to land, buildings and means of transport. The Standard affected the accounting treatment of the Group's operating leases. In particular, when adopting IFRS 16, liabilities arising from operating lease agreements - which, according to IAS 17, had to be disclosed in the financial statements - appear as assets (rights of use) and lease obligations. in the financial position. The increase in lease obligations led to a corresponding increase in the Group's net borrowing.

- The nature of the costs associated with these leases has changed, as the application of IFRS 16 replaces the operating costs of rent with depreciation costs for assets related to the right of use and interest on the resulting liabilities.

- In the statement of equity during the first application, there was no effect, as the Group chose to recognize an equal obligation with the right to use.

- In the statement of cash flows, the part related to the repayment of rents will reduce cash flows from financial activities and is no longer included in net cash flows from operating activities. Only interest payments are still included in net cash flows from operating activities.

B) Leases previously classified as financial:
The Group did not change the pre-existing accounting values of the tangible fixed assets and liabilities from financial leases on the date of initial application of IFRS 16 for leases classified as financial (the rights to use fixed assets and liabilities under leases are equal to rents. IAS 17). The requirements of IFRS 16 have been applied to these leases since 1 January 2019.

IFRS 16 has not brought significant changes in the accounting of leases on the part of the lessor, and for this reason, there were not any significant changes from the leases that the Group has concluded and operates as a lessor.

The effect (increase / (decrease)) from the application of IFRS 16 on 1/1/2019 was as follows:

| | 1/1/2019<br>The Group | 1/1/2019<br>The Company |
|---|---|---|
| Tangible fixed assets | | |
| Rights to use Lands and Buildings | 206,861 | 146,159 |
| Rights to use means of transport | 306,855 | 213,002 |
| **Total of non current assets** | **513,716** | **359,160** |
| **TOTAL ASSETS** | **513,716** | **359,160** |
| Liabilities from leases | 253,151 | 149,905 |
| **Total short-term liabilities** | **253,151** | **149,905** |
| Liabilities from leases | 260,564 | 209,255 |
| **Total long-term liabilities** | **260,564** | **209,255** |
| **TOTAL LIABILITIES** | **513,716** | **359,160** |

The Group has not had an impact on equity since the initial application of IFRS 16.

**b) Recognition of leases in the financial statements of 31/12/2019**

After the initial recognition, the Group measures the usage rights and depreciates them at a constant rate throughout the lease. Respectively, the Group measures the above liabilities from leases and fluctuates them based on the recognition of the relevant interest and rent payments.

Statement of Financial Position

The tangible fixed assets include the following Right-of-Use Assets through leases under IFRS 16:

**GROUP**

| | LAND & BUILDINGS | MEANS OF TRANSPORT | MACHINERY |
|---|---|---|---|
| **Remaining period before the application of IFRS 16** | **0** | **0** | **2,507,004** |
| Effect on the application of IFRS 16 | 206,861 | 306,855 | |
| **Remaining period beginning after the application of IFRS 16** | **206,861** | **306,855** | **2,507,004** |
| Period additions | | 327.902 | 1.685.374 |
| Period depreciation | (56,599) | (72.061) | (421.659) |
| Derecognition | (60,702) | (140.120) | 0 |
| **Period end balance** | **89,560** | **422.576** | **3.770.720** |

**COMPANY**

| | LAND & BUILDINGS | MEANS OF TRANSPORT | MACHINERY |
|---|---|---|---|
| **Remaining period before the application of IFRS 16** | **0** | **0** | **2,507,004** |
| Effect on the application of IFRS 16 | 146,159 | 213,002 | 0 |
| **Remaining period beginning after the application of IFRS 16** | **146,159** | **213,002** | **2,507,004** |
| Period additions | 0 | 327.902 | 1.685.374 |
| Period depreciation | (56,599) | (72.061) | (421.659) |
| Derecognition | 0 | (46.751) | 0 |
| **Period end balance** | **89,560** | **422.576** | **3.770.720** |

### 6.2.4 Effect on the Financial Statements of 31/12/2019 from the application of IFRS 6 Mineral Resources Exploration and Evaluation

The Group and the Company on January 1, 2019 adopted IFRS 6 " Exploration and Evaluation of Mineral Resources". Under the new policy, the Group recognizes as intangible assets the assets "Rights", expenses related to the exploration and evaluation of mineral resources - marble - from the moment of acquiring the legal right to explore a specific area until the date that it turns out that the extraction of these mineral resources is technically feasible and economically viable.
Expenditure on research and evaluation capitalized on such rights as expenditure related to test drilling, drilling, sampling, and more generally activities related to the assessment of technical feasibility and economic viability are only available for exploration and mining activities. The Group knows and already manages or is able to assess that there are significant chances of usable reserves.
The right to explore and evaluate mineral resources ceases to be classified as such, as it turns out that the extraction of mineral resources is technically feasible and economically viable. Until the time of re-classification they are considered for any impairment of their value and any resulting loss is recognized in the results of the period before the re-classification.

## 6.3 Significant accounting estimations and judgments of the Management

The preparation of the financial statements in accordance with the International Financial Reporting Standards (IFRS) requires the use of judgements, estimates and assumptions from the Management which affect the disclosed balances of assets and liabilities as at the balance sheet date of the financial statements. They affect also the contingencies disclosure of as at the balance sheet date of the financial statements and the amounts of income and expense relating to the reporting year. The actual results may differ from those estimated. The estimations and judgements are based on past experience and other factors, including also the expectation of future events that are believed to be reasonable under the specific circumstances, while they are constantly reevaluated with the use of all the information available.
The main estimates and assessments of the Management are the following:

- **Estimates when calculating the use value of CGU**

The Group performs a measurement of impairment losses in investments in subsidiary and associate companies when there is an indication of impairment, in accordance with the provisions of IAS 36. In order to determine whether there are grounds for impairment, the calculation of the value in use and the fair value less cost of disposal is required for each Cash Generating Unit (CGU). The recoverable amounts of CGU are determined for the purposes of measuring impairment, based on the calculation of their value in use, which requires estimations. For the calculation of value in use, the cash flow projections are discounted at their present value with the use of a discount rate which reflects the current market assessments of the time value of money and the risks specific to the CGU. Cash flow projections are used for the calculation which are based on approved business plans by the Management. These business plans and the cash flow projections usually cover a five-year period. Cash flows for periods beyond budgeted projections, are extended based on the estimated growth rate. The main assumptions used for determining the recoverable value of the different CGU are mentioned in note 10.4 of the financial statements, where it is explained in detail.

**Provision for Income Tax**

The provision for income tax based on IAS 12 is calculated with the estimation of the taxes which will be paid to the tax authorities and include the current income tax, for each financial year and a provision for additional taxes which may arise from tax audits. In order to determine the provision of the Group for income taxes the above must be thoroughly understood. Although it is not possible to reliably predict the results of the tax audit, the companies of the Group have used statistical data from prior tax audits of audited tax years, and have made a provision for the potential tax liabilities which may arise following a tax audit of the unaudited tax years.

In the event that the final taxable amounts which arise following the tax audits are different to the amounts initially recognized, these differences will affect the income tax and the provisions for deferred tax for the financial years for which the determination of tax difference took place.

**Provision for expected credit losses from customer receivables**

The simplified approach of IFRS 9 for the calculation of expected credit losses by which the provision for impairment is measured at an amount equal to the expected credit losses over the lifecycle of the receivables from customers. The Group and the Company makes provisions for doubtful debts in respect to specific customers when there is information or indications which indicate that the payment of the total respective liability or part of it is not probable.The Management of the Group reassesses the adequacy of the allowance for doubtful debts periodically, taking into account its credit policy and reports available by the Group's Legal Department, which arise based on the processing of historical experience and recent developments in cases handled by it. In addition, it evaluates the recoverability of trade receivables by reviewing also the maturity of customers' balances, their credit history and the settlement of outstanding balances related to subsequent to the reporting period.

**Provision for personnel compensation**

The amount of the provision for compensation of personnel is calculated using actuarial methods. The actuarial method requires the assessment of specific parameters such as discount rates, the rate of increase in the remuneration of personnel, the increase in the consumer price index and the expected remaining working life. The assumptions used contain a great amount of uncertainty and the Group's Management re-evaluates them on a constant basis.

**Contingent assets and contingent liabilities**

The Group is involved in legal actions and claims in its usual course of operation. The management believes that any settlements would not adversely affect the financial position of the Group on 31st December 2019 .However, the determination of the potential liabilities related to legal actions and claims is a complicated procedure which includes assessments regarding the potential consequences and interpretations regarding the laws and regulations. Changes in the assessments and interpretations are likely to lead to an increase or decrease of the potential liabilities of the Group in the future.

**Estimation of useful life of depreciable assets**

The management of the company reviews at each year end the useful life of depreciable assets. On 31st December 2019 the management of the company assesses that the useful lives represent the expected usefulness of the assets.

**Impairment of fixed tangible assets**

Fixed tangible assets are reviewed for impairment purposes when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the calculation of the value in use the Management assesses the future cash flows from the asset or the cash generating unit of future cash flows and chooses the appropriate discount rate to calculate the current value of future cash flows.

**Measurement of the fair value of investment property**

Estimates of investment property are supported by a valuation report carried out by an independent valuation firm, which determines the value of investment property by following the internationally recognized valuation methods on a case-by-case basis. The most appropriate indication of fair value is the current values in an active market for related leases as well as other contracts. If it is not possible to obtain such information, the value is determined through a range of reasonable estimates of fair values. In most cases, the Discounted Cash Flow Analysis Technique was considered the most appropriate. Cash flow swap models are based on reliable estimates of future cash flows arising from assumptions about achievable ratios relative to the market in question and international competitiveness using discount rates that reflect the current market estimate of the uncertainty of the amount and the timing of these cash flows. For the application of cash flow discounting techniques, assumptions that establish estimates for fair value determination are used and are related to: expected future income, completeness, vacant periods, construction costs, maintenance obligations, as well as appropriate discount rates. Further information on key assumptions is given in note 10.29.

**Provisions for environmental recovery**

The Group makes provision for its related obligations to restore the natural environment from the exploitation of quarries and wind farms, resulting from the applicable environmental legislation or from binding practices of the Group. This provision is discounted to present value and recognized in the cost of tangible assets. The discount rate to which the future liability is discounted is the pre-tax rate that reflects current market estimates for the time value of money. Further information in Notes 7.4 and 10.16.

## 7. Basic Accounting Principles

The accounting principles based on which the attached financial statements are drawn-up and which the Group systematically applies are the following:

### 7.1. Segment reporting

Business segment is a group of related assets and activities which provide products and services which are subject to different risks and returns that are different from those of other business segments.
Geographical segment is a geographical area which provides products and services which are subject to risks and returns that are different from those of other areas.
The Group is mainly active in the operation of marble quarries (mining and trade of Marbles).
Geographically the Group is active in Greece, the Euro Area and Other Countries.

### 7.2. Consolidation

**Subsidiaries:** Are all the companies which are managed and controlled, directly or indirectly, by another company (parent), either through the ownership of the majority of the shares of the company in which the investment was made, or through its dependence on the know-how provided to it by the Group. In other words, subsidiaries are entities on which parent companies exercise control. Iktinos Hellas acquires and exercise control though voting rights. The existence of any potential voting rights which are exercisable at the time the financial statements are drawn up, is taken into account in order to determine whether the parent company exercises control over the subsidiaries. Subsidiaries are fully consolidated (full consolidation) with the method of acquisition from the date that control is acquired over them and cease to be consolidated from the date that such control does not exist.
The acquisition of a subsidiary by the Group is accounted for by using the purchase method. The cost of acquisition of a subsidiary is the fair value of the assets transferred, the shares issued and the liabilities assumed at acquisition date, plus any costs directly linked to the transaction. The assets, liabilities and potential liabilities which are acquired in a business combination are measured at their fair values at the acquisition date irrespective of the proportionate share. The cost of acquisition above the fair value of the assets acquired, is recognized as goodwill. if the total cost of acquisition is less than the fair value of the assets acquired, the difference is recognized immediately in the income statement.
Intercompany transactions, outstanding balances and non-realized profits from transactions between companies of the Group are eliminated. The non-realized losses are also eliminated, unless the transaction provides indications of impairment of the transferred asset. The accounting principles of the subsidiaries have been adjusted in order to be in conformity with the ones adopted by the Group.

Test for impairment of investment in subsidiaries(Company Financial Statements)

The participation of the parent company in the consolidated subsidiaries is valued at acquisition cost less accumulated impairment losses. At every reporting date, the Management assesses the existence or not of external and internal indicators of impairment of its investments on subsidiary companies. In the event that there are indications, the Company measures the impairment and determines the recoverable value for each Cash Generating Unit as the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of measuring impairment, the investments in subsidiaries are classified in the smallest group of assets which may generate independent cash flows to other assets or groups of assets of the Group (Cash Generating Units).

Impairment loss is recognized as the amount by which the carrying amount of a Cash Generating unit exceeds its recoverable amount, which is the higher of an asset's fair value less costs of disposal and its value in use. For the determination of the value in use, the Management determines the future cash flows expected to be derived from each Cash Generating Unit determining an appropriate discount rate in order to calculate the current cash flow value. The assets used for the impairment test arise directly from the approved budget of the Management. Discount factors are determined separately for each Cash Generating Unit and reflect the respective risks which have been determined by the Management for each one of them.

**Related companies/Associates:** Are those entities over which the Group has significant influence but do not fulfil the conditions to be classified as subsidiaries or as joint venture. Investments in associates are initially recognized at cost and then valued using the equity method. At the end of each period, the cost of acquisition is increased by the Group’s share in the associates’ net assets change and is decreased by the dividends received from the associates.

As regards acquisition goodwill, it decreases the participation value by burdening the period’s results, when its value decreases.

After the acquisition, the Group’s share in the profit or loss of associates is recognized in the income statement, while the share of changes in reserves is recognized in equity. The accumulated changes affect the accounting value of the investments in associated companies. When the Group’s share in the losses of an associate is equal or larger than the carrying amount of the investment, including any other doubtful debts, the Group does not recognize any further losses, unless it has guaranteed for liabilities or made payments on behalf of the associate or those that emerge from ownership.

Unrealized profits from transactions between the Group and its associates are eliminated according to the Group’s percentage ownership in the associates. Unrealized losses are eliminated, except if the transaction provides indications of impairment of the transferred asset.

### 7.3. Conversion of foreign currency

The consolidated financial statements are reported in Euro, which is the operating currency and the reporting currency of the parent Company and all of its subsidiaries. The "Operating" is the currency of the primary economic environment in which the Group operates and on the basis of which the items in the financial statements of the Group's companies are measured.

Transactions in foreign currencies are converted to the operating currency using the rates in effect at the date of the transactions.

Profits and losses from foreign exchange differences that result from the settlement of such transactions during the period and from the conversion of monetary items denominated in foreign currency using the rate in effect at the balance sheet date are recorded in the results. Foreign exchange differences from non-monetary items that are valued at their fair value are considered as part of their fair value and are thus treated similarly to fair value differences.

### 7.4. Tangible Assets

Fixed assets are reported in the financial statements at acquisition cost or deemed cost, as determined based on fair values as at the transition dates, less accumulated depreciations and any impairment suffered by the assets. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets. After initial recognition the owner-occupied properties are valued at fair value and the excess is recorded in equity "Adjustment Differences", while the negative which is not set-off with the respective inventory is recorded in the income statement of the period.

Subsequent expenditure is added to the carrying value of the tangible fixed assets or is recorded as a separate fixed asset only if it is probable that future economic benefits will flow to the Group and their cost can be accurately and reliably measured. The repair and maintenance cost is recorded in the results when such is realized.

Depreciation of tangible fixed assets (other than land plots which are not depreciated) is calculated using the straight line method over their useful life, as follows:

| | |
|---|---|
| Buildings | 12 - 20 years |
| Mechanical equipment | 6 - 10 years |
| Vehicles | 5 - 7 years |
| Other equipment | 3 - 5 years |

The residual values and useful economic life of tangible fixed assets are subject to reassessment at each balance sheet date. When the accounting value of tangible fixed assets exceeds their recoverable amount, the difference (impairment) is immediately recorded as an expense in the income statement.

Upon sale of the tangible fixed assets, any difference between the proceeds and the accounting value are recorded as profit or loss in the income statement. Expenditure on repairs and maintenance is recorded as an expense in the period they occur.

**Restoration Cost of Quarries-Aeolian Parks:** The entities which are active in the mining and renewable sources of energy sector are subject to environmental restoration obligations. In accordance with IAS 16 "Property, Plant and Equipment", the cost at which an tangible asset is recognized, includes amongst other things also the initial evaluation of the cost of dismantling or restoring the specific item in the site. This obligation arises from the construction of the fixed asset, the formation of the surrounding environment and the mining activity of the company. The group has recognized a provision for the restoration of the quarries and wind farm areas (refilling works, planting of areas and other works) which has the following characteristics:

1. It has been recognized as part of the cost of tangible assets (formations of quarries/wind farms) in accordance with IAS 16, and
2. It has been recognized as an obligation, in accordance with IAS 37.

The total sum of the amount for the provision of restoration and the carrying value of the tangible assets (formation of site) is not in excess of the recoverable amount for the specific fixed assets. In the event that the total amount of the carrying values of the tangible assets and the provision for restoration exceeds the recoverable value, the excess amount is recognized in the income statement in the period they occur.

This specific provision for restoration is discounted at present values and is recognized at the cost of the tangible assets. The discount rate with which the future obligation is discounted is the interest rate before tax which reflects the current market assessments of the time value of money.

The provision for restoration is recognized in the income statement during the useful life of the tangible assets, through their depreciation. The estimated expenditure for restoration are reassessed at each Balance Sheet date, as to their adequacy and are accordingly adjusted by accordingly adjusting the respective provision.

On 12/31/2019, the restoration provision amounted in total for all the Queries to € 231,901 and € 35,081 for wind farms, while on 31/12/2018 it amounts to € 220,523 and 33,411 respectively.

### 7.5. Investments in Property

Investments in real estate are investments in all those properties held by the owner, either to lease rents or to increase their value (capital reinforcement) or both.

Investment property is initially measured at acquisition cost, including transaction costs. They are subsequently recognized at their fair value. Fair value is determined by independent valuers with sufficient experience of the location and nature of the investment property.

The fair value of an investment property is the price at which the property can be exchanged between informed and willing parties in a normal commercial transaction. Fair value excludes a price increased or decreased due to special terms or circumstances, such as unusual financing, sale with a lease, special consideration or concession made by anyone related to the sale.

Any profit (or loss) arising from an alteration in the fair value of the investment constitutes a result and is recognized in the comprehensive income for the year in which it arises.

A determinant of fair value is the current price in an active market for similar properties, at the same location and in the same situation. If there are no current prices for similar properties in an active market at the same location, then the following can be used:

- Current prices of an active market for different properties, with corresponding adjustments to reflect differences.
- Recent prices on less active markets with adjustments reflecting the differences in economic conditions relative to the date of the transaction.
- Discounted cash flows from current lease agreements for similar properties, at the same location and in the same situation.

### 7.6. Intangible Assets

Intangible assets include the rights to use and exploit the Quarries and other Tangible Assets, research and development expenditure, as well as software licenses.

**Right to Operate Quarries and Other Tangible Assets:**

Include the Rights to lease Land, as well as the Mineral Resources Exploitation Rights. The Group initially recognizes them at acquisition cost or at their nominal value. Following initial recognition, the Group adopts the Accounting principle of reporting the cost model and reporting the intangible assets at their cost less the accumulated depreciation and every accumulated impairment loss.

**Exploration and Evaluation of Mineral Resources Expenditure:** IFRS 6 does not specify specific principles for recognizing and measuring the costs which are realized during the stage of exploration and evaluation of mineral resources. Consequently, it would be acceptable for the specific costs to be recognized either as assets and to be deleted when it is determined that they will not generate any economic benefits or to be directly recognized in the income statement when realized if the final result (exploitation of the quarry) is uncertain.

The group measures the expenditures which arise from exploration and evaluation at cost, recognizing them as assets, if it judges that they will generate future economic benefits. The group makes a deduction for the depreciation of expenses for research and development of quarries in accordance with the term of the license for their exploitation, which ranges from 15 to 25 years. Costs which regard the exploration and evaluation of mineral resources includes as a rule the following:
(a) the acquisition of the exploration right
(b) the topographical, geological, geochemical and geophysical studies,
(c) the soil-drilling test,
(d) the excavation in explored trenches/pits,
(e) sampling and
(f) the activities related to the assessment of the technical feasibility and financial viability of mining a mineral resource.
The group ensures that the assets which arise from exploration and evaluation are depreciated at the end of each period. If it is assessed that the specific costs will not generate future economic benefit then their total is recognized in the income statement of the period.
**Software**: Software licenses are valued at cost less depreciation. Depreciation is calculated using the straight line method over their useful life, which ranges from 1 to 3 years.

### 7.7. Impairment of Assets

Assets with an indefinite useful life are not depreciated and are subject to an impairment review annually and when some events suggest that the carrying value may not be recoverable. Assets that are depreciated are subject to an impairment review when there is indication that their carrying value will not be recoverable. The recoverable value is the greater between the net sales value and the value in use. An impairment loss is recognized by the company when the accounting value of these assets (or the Cash Generating Unit) is greater than its recoverable amount.
Net sales value is the amount received from the sale of an asset at an arm’s length transaction in which participating parties have full knowledge and participate voluntarily, after deducting any additional direct cost for the sale of the asset, while value in use is the present value of estimated future cash flows that are expected to flow into the company from the use of the asset and from its disposal at the end of its estimated useful life.

### 7.8. Financial Instruments

Financial assets and financial liabilities are recognized in the statement of financial position when and only when the Group becomes a party to the financial instrument. The Group ceases to recognize a financial asset when and only when the contractual rights to the cash flows of the financial asset expire or when the financial asset is transferred and all the risks and rewards associated with this financial asset are substantially transferred. A financial liability is derecognised from the Statement of Financial Position when, and only when, it is repaid - that is, when the commitment set out in the contract is fulfilled, canceled or expired.

**i) Financial assets**

**Initial recognition and subsequent measurement of financial assets**

As of 1 January 2018, financial assets are classified at initial recognition as subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss. The classification of financial assets at initial recognition is based on the contractual cash flows of the financial assets and the business model in which the financial asset is held.

With the exception of customer receivables, the Group initially assesses a financial asset at its fair value plus transaction costs in the case of a financial asset that is not measured at fair value through profit or loss. Receivables from customers are initially measured at transaction value as defined by IFRS 15.

In order to classify and measure a financial asset at amortized cost or at fair value through other comprehensive income, cash flows that are "exclusive capital and interest payments" on the outstanding capital balance must be created. This evaluation is known as the "SPPI" criterion and is done at the level of an individual financial instrument.

After initial recognition, financial assets are classified into three categories:

- at amortized cost

- at fair value through other comprehensive income

- fair value through profit or loss

Financial assets classified at amortized cost are subsequently measured using the effective interest method (EIR) and are subject to impairment testing. Profits and losses are recognized in profit or loss when the asset ceases to be recognized, modified or impaired.

For investments that are traded on an active market, fair value is calculated based on market bid prices. For investments for which there is no active market, fair value is determined by valuation techniques unless the range of rational estimates of fair value is significant and the probabilities of the various estimates cannot reasonably be assessed, so that these investments cannot be valued at fair value.

The purchase or sale of financial assets that require the delivery of assets within a timeframe defined by a regulation or sale acceptance is recognized at the settlement date (i.e. the date when the asset is transferred or delivered to the Group or the Company).

**Trade receivables**

Trade receivables are remainders due from customers for the sale of goods or the provision of services to them from the normal activity of the Group. Receivables from customers are initially recorded at transaction value as defined by IFRS 15 and subsequently measured at amortized cost using the effective interest method.

**Impairment of financial assets**

The Group and the Company assess at each reporting date whether the value of a financial asset or group of financial assets has been impaired as follows:

The Group and the Company recognize a provision for impairment against expected credit losses for all financial assets that are not measured at fair value through profit or loss. Expected credit losses are based on the difference between all contractual cash flows that are payable under the contract and all cash flows that the Group or the Company expects to receive discounted at the approximate original effective interest rate.

For the implementation of this approach, a distinction is made between:

• financial assets whose credit risk has not deteriorated significantly since initial recognition or which have a low credit risk at the reporting date (Stage 1) and for which the expected credit loss is recognized for the following 12 months,

• financial assets whose credit risk has deteriorated significantly since initial recognition and which have no low credit risk (Stage 2). For these financial assets, the expected credit loss is recognized up to their maturity,

• financial assets for which there is objective evidence of impairment at the reporting date (Stage 3) and for which the expected credit loss is recognized up to maturity.

For client receivables the Group and the Company apply the simplified approach for calculating the expected credit losses. Therefore, at each reporting date, the Group and the Company measure the provision for impairment to an amount equal to the expected credit losses over the lifetime without monitoring the changes in credit risk. In calculating the expected credit losses, the Group uses a provisioning table by grouping the above financial instruments based on the nature and maturity of the balances and taking into account available historical data in relation to the debtors, adjusted for future factors in relation to the debtors and the economic environment.

**Derecognition of financial assets**

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized when:

• the rights to inflow of cash resources have expired,

• the Group or the Company retains the right to receive cash flows from that asset but has also undertaken to pay them to third parties fully without undue delay in the form of a transfer agreement; or

• the Group or the Company has transferred the right to receive cash flows from that asset while either (a) it has transferred substantially all the risks and rewards thereof or (b) has not transferred substantially all the risks and rewards , but has passed the control of that item.

When the Group or the Company transfers the rights to receive cash flows from an asset or concludes a transfer agreement, it assesses the extent to which it retains the risks and rewards of ownership of the asset. When the Group neither transfers nor retains substantially all the risks and benefits of the transferred asset and retains control of the asset, then the asset is recognized to the extent that the Group continues to participate in the asset. In this case, the Group also recognizes a related liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and commitments retained by the Group or the Company.

Continued participation in the form of the guarantee of the transferred asset is recognized at the lower value between the carrying value of the asset and the maximum amount of consideration received which the Group could be required to repay.

**ii) Financial liabilities**

The Group's financial liabilities include loans, trade and other payables.

**Loan liabilities**

The Group's loan liablities are initially recognized at cost, which reflects the fair value of the amounts receivable minus the relative costs directly attributable to them, where they are significant. After initial recognition, interest bearing loans are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account issuing costs and the difference between the initial amount and the maturity. Gains and losses are recognized in the profit-loss when the liabilities are derecognized or impaired through the amortization process.

## Commercial and other liabilities

Balances of suppliers and other payables are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest method.

Trade and other short-term liabilities are not interest-bearing accounts and are usually settled on the basis of the agreed credits.

Financial liabilities are classified as short-term liabilities unless the Group has the unconditional right to transfer the settlement of the financial liability at least 12 months after the financial statements date.

## Derecognition of financial liabilities

A financial liability is derecognised when the obligation arising from the liability is cancelled or expires. When an existing financial liability is replaced by another by the same lender but under substantially different terms or the terms of an existing liability are significantly changed, such exchange or amendment is treated as a derecognition of the original liability and recognition of a new liability. The difference in the respective carrying values is recognized in the income statement.

## Settlement of financial claims and liabilities

Financial assets and liabilities are offset and the net amount is reflected in the statement of financial position only when the Group or the Company legally holds that right and intends to offset them on a net basis with one another or to claim the asset and settle the liability simultaneously. The statutory right should not depend on future events and should be capable of being executed in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

## 7.9. Inventories

At the balance sheet date, inventories are valued at the lower of acquisition cost and net realizable value. Net realizable value is the estimated sales price during the normal course of the company's business less any relevant sales expenses. The cost of inventories does not include financial expenses.

The acquisition cost includes the purchase price, import duties and other taxes, as well as transport, delivery expenses and directly attributable costs. Trade discounts, reductions in prices and other similar elements are deducted when determining the acquisition cost.

The cost of conversion of inventories includes the costs directly related to the production units, such as direct labour cost. It also includes a systematic allocation of fixed and variable production overheads, which are realized during the conversion of the material into finished goods. Fixed production overheads are the direct production costs which remain fixed, irrespective of the production volume, such as

depreciation and maintenance of factory buildings and equipment, as well as the cost of directing and managing the factory. Variable production overheads are the indirect production costs which varydirectly or almost directly depending on the production volume, such as indirect material and indirect labour.
The provision for inventory impairment is formed based on the estimations of the management regarding the actual situation and the ability to use the inventory if deemed necessary.

### 7.10. Cash and cash equivalents

Cash and cash equivalents include cash in the bank and in hand, as well as short term highly liquid investments such as money market products and bank deposits. Money market products are financial assets which are valued at their fair value through the income statement.

### 7.11. Non-current assets classified as held for sale

The assets available for sale also include other assets (including goodwill) and tangible fixed assets that the Group intends to sell within one year from the date they are classified as "held for sale". The assets classified as "held for sale" are valued at the lowest value between their carrying value immediately prior to their classification as available for sale, and their fair value less the sale cost. Assets classified as "held for sale" are not subject to depreciation. The profit or loss that results from the sale and reassessment of assets "held for sale" is included in in the income statement.

### 7.12. Share capital

Expenses incurred for the issuance of shares reduce, after deducting the relevant income tax, the proceeds from the issue. Expenses related to the issuance of shares for the purchase of companies are included in the acquisition cost of the company acquired.
When acquiring own shares, the consideration paid, including the respective costs, is deducted from equity (share premium reserve).

### 7.13. Income tax & deferred tax

The tax for the period comprises current tax and deferred tax, i.e. the tax charges or tax credits that are associated with economic benefits accruing in the period but have been assessed by the tax authorities in different periods. Income tax is recognized in the income statement of the period, except for the tax relating to transactions that have been recorded directly in equity. In such case the related tax is, accordingly, recorded directly in equity.

Current income taxes include the short-term liabilities or assets from the fiscal authorities that relate to taxes payable on the taxable income of the period and any additional income taxes from previous periods.

Current taxes are measured according to the tax rates and tax laws prevailing during the financial years to which they relate, based on the taxable profit for the year. All changes to the short-term taxable assets or liabilities are recognized as part of the tax expense in the income statement.

Deferred income tax is determined according to the liability method which results from the provisional differences between the carrying value and the tax base of assets or liabilities. Deferred tax is not recorded if it results from the initial recognition of an asset or liability in a transaction, except for a business combination, which when it occurred did not affect neither the accounting nor the tax profit or loss.

Deferred tax assets and liabilities are valued based on the tax rates that are expected to be in effect during the period in which the asset or liability will be settled, taking into consideration the tax rates (and tax laws) that have been put into effect or are essentially in effect up until the Balance Sheet date. In the event where it is impossible to identify the timing of the reversal of the provisional differences, the tax rate in effect on the day after the balance sheet date is used.

Deferred tax assets are recognized to the extent that it is probable that there will be a future tax profit for the use of the provisional difference which creates the deferred tax asset.

Deferred income tax is recognized for the provisional differences that result from investments in subsidiaries and associates, except for the case where the reversal of the provisional differences is controlled by the Group and it is possible that the provisional differences will not be reversed in the foreseeable future.

Most changes in the deferred tax assets or liabilities are recognized as part of the tax expense in the income statement. Only changes in assets or liabilities that affect the provisional differences are recognized directly in the equity of the Group, such as the revaluation of property value, that results in the relevant change in deferred tax assets or liabilities being charged against the relevant equity account.

### 7.14. Employee benefits

Short-term benefits:

Short-term employee benefits (except post-employment benefits), monetary and in kind are recognized as an expense when they accrue. Any unpaid amount is recorded as a liability, while in the case where the amount paid exceeds the amount of services rendered, the company recognizes the excess amount as an asset (prepaid expense) only to the extent that the prepayment will lead to a reduction of future payments or to reimbursement.

Post-employment benefits:

Post-employment benefits comprise lump-sum payment of retirement benefit, pensions or other benefits the company provides after retirement, as an exchange for the employees' service with the company. Thus, such benefits include defined contribution schemes as well as defined benefits schemes.

The accrued cost of defined contribution schemes is recorded as an expense in the period it refers to.

Pension plans adopted by the Group are partially financed through payments to insurance companies or government social security institutions.

(a) Defined contribution schemes

The defined contributions scheme involves the payment of contributions to Insurance Institutions (e.g. Social Security Institution), as a result the Group not being legally liable in the event that the National Fund is unable to pay the pension to the insurer. The employer's obligation is limited to the payment of employee benefits to the Funds. The payable contribution from the Group to a defined contribution scheme, is either recognized as a liability after the deduction of the paid contribution, or as an expense in the income statement.

(b) Defined benefit scheme (Not funded)

According to Laws 2112/20 and 4093/2012, the Company pays its personnel compensation for employment termination or retirement. The compensation amounts depend on employment years, salary level and whether the employment was terminated or due to retirement. The establishment of the entitlement to participate in these schemes, usually depends upon the years of service of the employee till retirement.

The liability which is recognized in the Statement of Financial Position with respect to this scheme is the present value of the liability for the defined benefit less the fair value of the scheme's assets (reserve from the payments to the insurance company) and the changes that arise from any actuarial profit or loss and the service cost. The commitment of the defined benefit is calculated annually by an independent actuary with the use of the projected unit credit method.

A defined contribution scheme, defines based on several parameters such as age, service years, salary, certain obligations for defined benefits. The provisions relating to the period are included in personnel cost in the attached company and consolidated income statement and consist of current and past employment cost, the pertinent financial cost, the actuarial gain or loss, as well as any additional charges. Regarding unrecognized actuarial gain or loss, amended IAS19R is adopted, that includes a series of amendments regarding accounting treatment of defined benefits scheme, amongst other things:

- recognition of actuarial profit/loss in other comprehensive income statement and their final exclusion from the results for the period
- non-recognition of annual return of benefits scheme in the income statement but the recognition of respective interest rate in the liability account based on discount rate used in measuring obligations for defined benefits scheme.
- the recognition of the service cost in the income statement for the period the earliest between the date the schemes are amended or when the respective restructuring is recognized or the final benefit
- other changes include new disclosures, such as quantitative sensitivity analysis

**7.15. Government Grants**

The Group recognizes government grants that cumulatively satisfy the following criteria: a) There is reasonable certainty that the company has complied or will comply to the conditions of the grant and b) it is probable that the amount of the grant will be received.

Government Grants are recorded at fair value and are systematically recognized as revenues, according to the principle of matching the grants with the corresponding costs that they are subsidizing. Government Grants that related to assets are included in long-term liabilities as deferred income and are recognized systematically and rationally as revenues over the useful life of the fixed asset.

**7.16. Provisions**

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, their settlement through an outflow of resources is probable and the exact amount of the obligation can be reliably estimated. Provisions are reviewed during the date when each balance sheet is drawn-up so that they may reflect the present value of the outflow that is expected to be required for the settlement of the obligation. Contingent liabilities are not recognized in the financial statements but are disclosed, except if the probability that there will be an outflow of resources that embody economic benefits is very small. Contingent claims are not recognized in the financial statements but are disclosed, provided that the inflow of economic benefits is probable.

**7.17. Recognition of income and expenses**

**Income:** The Group applied IFRS 15 for the first time on 01.01.2018.

According to IFRS 15, a five-step model is established to determine revenue from contracts with customers:

Step 1: Define the contract for the sale of goods or the provision of services

Step 2: Identify the separate obligations arising from the contract with the customer

Step 3: Determine transaction value

Step 4: Allocation of the transaction value to the obligations arising from the contract

Step 5: Recognize revenue as the entity meets its obligations under the contract with the customer

Revenue is recognized in the amount by which an entity expects to have in exchange for the transfer of the goods or services to a counterparty. Intra-group revenues within the Group are completely eliminated. Revenue recognition is made as follows:

Sale of goods: Revenue from the sale of goods is recognized when the control of the good is transferred to the customer, usually upon delivery to the customer, and there is no obligation that could affect the acceptance of the good by the customer.

Provision of services: Income from the provision of services is accounted for in the period during which the services are rendered, based on the stage of completion of the service in relation to the total services to be rendered.

Income from the sale and leaseback of Tangible Assets: The positive difference between the fair value of the consideration and the value of the asset granted is recorded as deferred income and is depreciated according to the depreciation rate (on the basis of the useful life or lease term) of the leased asset..

Interest Income: Interest income is recognized on a time proportion basis using the effective interest rate. When there is impairment of assets, their carrying value is reduced to their recoverable amount which is the present value of the expected future cash flows discounted using the initial real interest rate. Interest is then recorded using the same interest rate calculated on the impaired (new book) value.

Income from Dividends: Dividends are accounted for as revenue when the right to receive payment is established.

Expenses: Expenses are recognized in the income statement on an accrued basis. The payments made for operating leases are transferred to the results as an expense, during the time the lease is used. Interest expenses are recognized on an accrued basis.

Cost of Borrowing: The cost of borrowing is directly related to the purchase, construction or production of eligible assets, it is passed on increasing the cost of these assets. The capitalization of the cost of borrowing is realized during the period of construction of the fixed asset and ends when the eligible asset is exploitable or tradable. When the fixed asset is completed in stages, the cost of borrowing, which corresponds to part of the asset stops being accounted for in the cost of the fixed asset and is transferred to the results for the period.

**7.18. Leases**

Until 2018, leases were classified as financial or operating leases in accordance with the requirements of IAS 17. Financial leases were capitalized at the beginning of the lease at the lowest value resulting from the fair value of the fixed asset and the present value of the minimum rents, both of which were determined at the beginning of the lease. Each rent was separated into obligation and interest. Operating lease payments were recorded by a fixed method in the Total Income Statement throughout the duration of the lease. As of 01/01/2019, based on IFRS 16, the classification of leases into operating leases and financial leases is abolished for the lessee and all leases are regarded as assets of "Financial Position Status" by establishing the "right to use" of assets and a "lease liability".

***Recognition and initial calculation of the right to use an asset***

At the start date of a lease term, the Group recognizes a right to use an asset and a lease liability by calculating the right to use the asset at cost.
The cost of the right to use an asset includes:

- the amount of the initial measurement of the lease obligation (see below),
- any payments made before or on the start date of the lease period, reduced by the lease incentives received,
- the initial direct costs borne by the lessee, and
- an estimate of the expenses that will be borne by the Group during the dismantling and removal of the leased asset, the restoration of the area in which the leased asset is located or the restoration of the asset as required by its terms and conditions of the lease. The Group undertakes the obligation for such expenses either on the start date of the lease term or as a consequence of the use of the leased asset during a particular period.

***Initial calculation of the lease obligation***

At the start date of the lease term, the Group calculates the lease liability to the present value of the unpaid rent payments on that date. When the imputed rental rate can be determined appropriately, then the lease payments will be discounted using this interest rate. Otherwise, the Group's marginal lending rate is used.
At the start date of the lease term, the payments included in the calculation of the lease liability include the following payments for the right to use an asset during the lease period, unless they have been paid at the start date of the lease:
(a) fixed payments minus any receivable lease incentives,
(b) any variable payments of rents that depend on future changes in indices or interest rates, which are initially measured using the index or interest rate at the start date of the lease term,
(c) the amounts expected to be paid by the Group as residual value guarantees,
(d) the price of exercising the right to purchase if it is essentially certain that the Group will exercise the right, and

e) the payment of penalties for termination of the lease, if the lease period reflects the exercise of the Group's right to terminate the lease.

***Subsequent calculation***

***Subsequent calculation of the right to use an asset***

After the start date of the lease term, the Group calculates the right to use an asset using the cost model.

The Group calculates the right to use an asset at cost:

(a) minus any accumulated depreciation and accumulated impairment losses, and

(b) adapted for any subsequent measurement of the lease obligation,

The Group applies the requirements of IAS 16 regarding the amortization of the right to use an asset, which it examines for any impairment. The right to use an asset is depreciated in the shortest period between the useful life of the asset or its lease term, by a fixed method.

***Subsequent liability calculation***

After the start date of the lease period, the Group calculates the lease liability, as follows:

(a) by increasing the book value in order to reflect the financial cost of the lease liability,

(b) reducing the book value in order to reflect the rents paid, and

(c) re-calculating the accounting value in order to reflect any revision or amendment of the lease.

The financial costs of a lease are distributed during the lease term in such a way as to result in a fixed periodic interest rate on the outstanding balance of the liability.

After the start date of the lease term, the Group recognizes the profits or losses (except when the costs are included in the book value of another asset for which other relevant Standards apply) and the following two items:

(a) the financial costs on the lease liability, and

(b) variable lease payments that are not included in the calculation of the lease liability during the period in which the event that activates those payments takes place.

## 7.19. Dividend distribution

The distribution of dividends to the shareholders of the parent company is recognized as a liability in the consolidated financial statements at the date on which the distribution is approved by the General Meeting of the shareholders.

### 7.20. Related Parties

The transactions and intercompany outstanding balances with the Group's related parties are disclosed in accordance with IAS 24 "Related Party Disclosures". These transactions regard transactions between the management, the main shareholders and the subsidiary companies of a group with the parent company and the fellow subsidiaries of the Group.

## 8. Risk Management

### Financial risk factors

The Company and the Group are exposed to financial and other risks. The Group's general risk management program aims at containing potential negative influence to the Group's financial results. The Finance Department monitors and manages the risks to which the Group is exposed, it determines and hedges if necessary the financial risks in cooperation with the departments which are facing these risks. Further, it does not conduct any business transactions which are not related to the commercial, investment or borrowing activities of the Group.
More specifically, for these risks we note the following:

### Foreign Exchange Risk

The Group conducts most of its transaction in Euro, thus limiting direct foreign exchange risk. However, apart from the Euro, it conducts commercial transaction at a global level and consequently is exposed to foreign exchange risk emanating mainly from the US dollar. These transactions regard only a small portion of its activities and thus the foreign exchange risk is limited.

### Credit Risk

The Group does not exhibit any considerable concentration of credit risk in any of the contracted parties, since on the one part the exports are covered by bank guarantees and the retail sales are mostly in cash and on the other hand its customer base is dispersed in wholesale. The Group's wholesale is performed based on its internal rules of operation, which ensure that the sale of goods and services is made to creditworthy clients. Further, a significant part of claims from clients of the Group are insured. The company has a credit insurance cover for its wholesale with EULER HERMES.
The tables below summarize the Company's and the Group's credit risk:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| **Financial Assets** | | | | |
| Other long-term receivables | 55,426 | 58,781 | 35,726 | 34,764 |
| Receivables and advance payments | 14,440,481 | 14,402,861 | 14,593,50 | 15,673,490 |
| Cash in hand | 1,584,248 | 1,869,531 | 1,446,133 | 1,643,977 |
| | **16,080,155** | **16,331,174** | **16,075,368** | **17,352,231** |

## Liquidity Risk

The liquidity requirements are determined for a period of 6 months and are reviewed on a monthly basis. Payment requirements are monitored on a weekly basis. During periods of insufficient liquidity the company can finance its liquidity requirements through bank borrowing from approved credit limits it has with banks. With the purpose of dealing with the adverse economic conditions which prevail, the Group has taken measures aiming at reducing the time for recovery of claims and the maintenance of satisfactory amounts of cash and other assets with high liquidity.

The analysis of undiscounted contractual payments of the financial liabilities of the Group and the Company are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Financial Liabilities** | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Long-term loan liabilities | 16,607,836 | 19,304,533 | 14,294,500 | 15,834,531 |
| Current tax liabilities | 5,238,426 | 7,151,851 | 4,990,454 | 6,749,211 |
| Liabilities from finance leases | 1,609,822 | 779,168 | 1,609,822 | 779,168 |
| Trade and other short-term liabilities | 14,002,915 | 14,834,023 | 13,251,542 | 13,995,963 |
| Short-term loan liabilities | 20,205,014 | 12,612,770 | 19,175,272 | 12,343,371 |
| Short-term liabilities of finance leases | 1,191,322 | 534,461 | 1,191,322 | 534,461 |
| Long-term loan liabilities payable in the following fiscal year | 2,548,473 | 1,786,475 | 1,647,780 | 1,124,816 |
| **Total** | **61,403,807** | **57,003,281** | **56,160,692** | **51,361,521** |

| | GROUP 31/12/2019 | | | |
|---|---|---|---|---|
| | Short-term | | Long-term | |
| ***Amounts in €*** | within 6 months | 6 to12 months | 1 to 5 years | over 5 years |
| Bank borrowing | 11,430,593 | 11,322,893 | 11,807,836 | 4,800,000 |
| Finance leases liabilities | 595,661 | 595,661 | 1,609,822 | 0 |
| Trade and other short-term liabilities | 13,607,766 | 395,149 | 0 | 0 |
| Current tax liabilities | 3,320,749 | 1,917,677 | 0 | 0 |
| **Total** | **28,954,769** | **14,231,381** | **13,417,658** | **4,800,000** |

| Amounts in € | GROUP 31/12/2018 Short-term within 6 months | 6 to12 months | Long-term 1 to 5 years | over 5 years |
|---|---|---|---|---|
| Bank borrowing | 7,447,126 | 6,952,120 | 13,464,533 | 5,840,000 |
| Finance leases liabilities | 267,230 | 267,230 | 779,168 | 0 |
| Trade and other short-term liabilities | 14,694,515 | 139,508 | 0 | 0 |
| Current tax liabilities | 963,701 | 6,188,150 | 0 | 0 |
| **Total** | **23,372,572** | **13,547,008** | **14,243,701** | **5,840,000** |

| Amounts in € | COMPANY 31/12/2019 Short-term within 6 months | 6 to12 months | Long-term 1 to 5 years | over 5 years |
|---|---|---|---|---|
| Bank borrowing | 10,465,376 | 10,357,676 | 9,494,500 | 4,800,000 |
| Finance leases liabilities | 595,661 | 595,661 | 1,609,822 | 0 |
| Trade and other short-term liabilities | 12,856,392 | 395,149 | 0 | 0 |
| Current tax liabilities | 3,139,889 | 1,850,565 | 0 | 0 |
| **Total** | **27,057,318** | **13,199,052** | **11,104,322** | **4,800,000** |

| Amounts in € | COMPANY 31/12/2018 Short-term within 6 months | 6 to12 months | Long-term 1 to 5 years | over 5 years |
|---|---|---|---|---|
| Bank borrowing | 6,734,093 | 6,734,093 | 9,994,531 | 5,840,000 |
| Finance leases liabilities | 267,230 | 267,230 | 779,168 | 0 |
| Trade and other short-term liabilities | 13,856,455 | 139,508 | 0 | 0 |
| Current tax liabilities | 697,697 | 6,051,514 | 0 | 0 |
| **Total** | **21,555,477** | **13,192,345** | **10,773,699** | **5,840,000** |

## Interest Rate Fluctuation Risk

The Group monitors and manages its borrowing, by using a combination of short-term and long-term borrowing. There are approved credit limits and satisfactory terms of cooperation and invoicing of various bank services which assist in limiting the financial cost of the Group.

The table below represents the sensitivity of the income statement for the period, as well as of equity, based on a reasonable fluctuation in the interest rate in the range of +1% or –1%:

| | GROUP | | | |
|---|---|---|---|---|
| | Variable | | Variable | |
| | 1% | -1% | 1% | -1% |
| | 31/12/2019 | | 31/12/2018 | |
| Profit-loss account (before tax) | (385,899) | 385,899 | (265,558) | 265,558 |
| Net Position | (293,284) | 293,284 | (188,546) | 188,546 |

| | COMPANY | | | |
|---|---|---|---|---|
| | Variable | | Variable | |
| | 1% | -1% | 1% | -1% |
| | 31/12/2019 | | 31/12/2018 | |
| Profit-loss account (before tax) | (342,675) | 342,675 | (214,236) | 214,236 |
| Net Position | (260,433) | 260,433 | (152,108) | 152,108 |

**Risk related to Inventory-Suppliers**

The Group takes all the necessary measures (insurance, storage) to minimize the risk of potential losses from the loss of inventories due to natural disasters, theft etc. The Management continuously reviews the net realizable value of inventories and makes the necessary write-downs. In addition, the Company believes that dependence on suppliers is limited and in any case insignificant to the economic size of the Group, as there is no significant dependence on specific suppliers, as no one supplies the Company with products amounting to more than 10% of its total purchases.

**Dependence on Customers**

The Group's customer base is dispersed and there is no dependence risk from large customers. The Group aims in satisfying even a larger number of customers by expanding its range of products and aiming in directly satisfying their needs.

**Capital Management**

The primary objective of the Group's and Company's capital management is to ensure the maintenance of an acceptable credit rating and a healthy capital ratio, aiming for the smooth operation of its business activities and to maximize the value of its shareholders. The Group and the Company manage the capital restructuring and make adjustments in order to be in harmony with the changes in the economic environment.

A significant instrument for capital management is the use of a leverage ratio (debt-to-equity ratio), which is monitored at Group level. The calculation of net borrowing includes interest bearing loans and bonds less cash and cash equivalents.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Loans | 42,162,466 | 35,017,407 | 37,918,696 | 30,616,346 |
| Less:Cash in hand | (1,584,248) | (1,869,531) | (1446,133) | (1,643,977) |
| **Net Borrowing** | **40,578,218** | **33,147,876** | **36,472,562** | **28,972,369** |
| Total Equity | 46,692,687 | 47,259,211 | 43,877,358 | 43,877,661 |
| **Total Capital** | 46,692,687 | **47,259,211** | 43,877,358 | **43,877,661** |
| **Leverage ratio** | **0,8690** | **0,7014** | **0,8312** | **0,6603** |

## 9. Financial reporting per segment

A business segment is a group of assets and activities which include goods and services which are subject to different risks and returns from those of other business segments.

A geographical segment is a geographical area in which products and services are provided and which is subject to different risks and returns from other areas.

The Group is active in the exploitation of marble quarries (mining and trading of Marble), in the segment of wind energy, as well as in Real Estate. Geographically the Group is active in Greece, the Euro Area and Other Countries.

### Primary reporting segment-business segments

The profit-loss account of the Group per segment are analyzed as follows:

| **1/1 - 31/12/2019** | **Marble** | **Aeolean Energy** | **REAL ESTATE** | **Grand total** |
|---|---|---|---|---|
| **Total gross sales/segment** | 43,882,638 | 2,029,251 | 0 | 45,911,889 |
| Intercompany sales/segment | (1,420,840) | 0 | 0 | (1,420,840) |
| Net sales per segment | **42,461,798** | **2,029,251** | **0** | **44,491,049** |
| Cost of Sales | (22,339,412) | (2,706,038) | 0 | (25,045,450) |
| **Gross profit/loss** | **20,122,386** | **(676,787)** | **0** | **19,445,599** |
| Operating profit/loss | (12,245,105) | 564,822 | (41,762) | (11,722,045) |
| Financial profit/loss | (1,601,075) | (158,386) | (1,538) | (1,760,999) |
| Financial investment profit/loss | 0 | 0 | 0 | 0 |
| **Profit before tax** | **6,276,206** | **(270,351)** | **(43,300)** | **5,962,555** |
| Income tax | (1,766,672) | (369,094) | (24,703) | (2,160,469) |
| **Net profit /loss** | **4,509,535** | **-639,445** | **(68,003)** | **3,802,086** |
| **Depreciation** | **2,528,523** | **1,418,269** | **0** | **3,946,792** |
| **Operating profit/loss before Taxes, Financial, Investment profit/loss, and Depreciation (EBITDA)** | **10,405,805** | **1,306,304** | **(41,762)** | **11,670,347** |

| 1/1 - 31/12/2018 | GROUP<br>Marble | <br>Aeolean Energy | <br>REAL ESTATE | <br>Grand total |
|---|---|---|---|---|
| **Total gross sales/segment** | 60,442,779 | 2,095,867 | 0 | 62,538,646 |
| Intercompany sales/segment | (2,088,051) | 0 | 0 | (2,088,051) |
| Net sales per segment | **58,354,728** | **2,095,867** | **0** | **60,450,595** |
| Cost of Sales | (25,512,068) | (2,663,176) | 0 | (28,175,244) |
| **Gross profit/loss** | **32,842,660** | **(567,309)** | **0** | **32,275,351** |
| Operating profit/loss | (12,331,905) | 465,587 | 10,410 | (11,855,908) |
| Financial profit/loss | (1,402,048) | (266,140) | (916) | (1,669,105) |
| Financial investment profit/loss | 0 | 0 | 3,459,780 | 3,459,780 |
| **Profit before tax** | **19,108,707** | **(367,862)** | **3,469,274** | **22,210,118** |
| Income tax | (6,231,218) | (54,980) | 693,985 | (5,592,214) |
| **Net profit /loss** | **12,877,488** | **-422,842** | **4,163,258** | **16,617,904** |
| **Depreciation** | **1,725,920** | **1,422,362** | **0** | **3,148,282** |
| **Operating profit/loss before Taxes, Financial, Investment profit/loss, and Depreciation (EBITDA)** | **22,236,675** | **1,320,640** | **10,410** | **23,567,725** |

The breakdown of consolidated assets and liabilities into business sectors is analyzed as follows:

| 1/1 - 31/12/2019 | GROUP<br>Marble | <br>Aeolean Energy | <br>REAL ESTATE | <br>Grand total |
|---|---|---|---|---|
| Segment Assets | 68,733,262 | 23,731,541 | 29,402,508 | **121,867,311** |
| Consolidated Assets | 68,733,262 | 11,904,698 | 29,402,508 | **121,867,311** |
| Segment Liabilities | 58,151,488 | 11,904,698 | 5,118,438 | **75,174,625** |
| Consolidated Liabilities | 58,151,488 | 11,904,698 | 5,118,438 | **75,174,625** |
| **1/1 - 31/12/2018** | **Marble** | **Aeolean Energy** | **REAL ESTATE** | **Grand total** |
| Segment Assets | 64,463,908 | 24,654,142 | 29,199,938 | **118,317,988** |
| Consolidated Assets | 64,463,908 | 24,654,142 | 29,199,938 | **118,317,988** |
| Segment Liabilities | 53,402,583 | 13,120,446 | 4,535,748 | **71,058,777** |
| Consolidated Liabilities | 53,402,583 | 13,120,446 | 4,535,748 | **71,058,777** |

**Secondary reporting segment-geographical segments**

The largest number of sales of the Group takes place in China and the company is mainly active in Greece, Eurozone and Asia.

The sales of the Group per geographical segment are analyzed as follows

| SALES | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1/1 - 31/12/2019 | 1/1 - 31/12/2018 | 1/1 - 31/12/2019 | 1/1 - 31/12/2018 |
| Eurozone | 1,284,337 | 2,805,891 | 969,948 | 2,804,661 |
| Other European Countries | 1,283,065 | 2,425,617 | 1,283,065 | 2,425,617 |
| Asia | 28,730,371 | 36,809,524 | 28,730,371 | 36,809,524 |
| America | 5,183,594 | 4,988,743 | 4,906,636 | 4,274,285 |
| Australia | 61,062 | 45,202 | 61,062 | 45,202 |
| Africa | 622,246 | 576,233 | 622,246 | 576,233 |
| Export via third parties | 2,522,237 | 3,791,748 | 2,522,237 | 3,791,748 |
| Greece | 4,804,137 | 9,007,637 | 1,492,602 | 2,443,591 |
| **Total** | **44,491,049** | **60,450,595** | **40,588,167** | **53,170,861** |

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# 10. Notes on the Financial Statements

## 10.1. Tangible fixed assets

The analysis of the tangible assets of the Group and the Company is presented below:

| GROUP | Land Plots & Buildings | Transport Means & Mechanical Equipment | Furniture and other Equipment | Assets under Construction | Total |
|---|---|---|---|---|---|
| **Carrying value on 1 January 2018** | **12,985,437** | **28,330,975** | **141,967** | **3** | **41,458,381** |
| Gross carrying value | 17,818,226 | 56,549,928 | 1,159,941 | 0 | 75,528,096 |
| Accumulated depreciation and impairment of value | (4,077,129) | (25,611,347) | (965,852) | 3 | (30,654,325) |
| **Carrying value on 31 December 2018** | **13,741,096** | **30,938,582** | **194,089** | **3** | **44,873,771** |
| Gross carrying value | 19.329.166 | 60.474.991 | 1.418.577 | 0 | 81.222.737 |
| Accumulated depreciation and impairment of value | (4.673.495) | (29.263.088) | (1.084.614) | 3 | (35.021.197) |
| **Carrying value on 31 December 2019** | **14.655.671** | **31.211.902** | **333.964** | **3** | **46.201.540** |

| | Land Plots & Buildings | Transport Means & Mechanical Equipment | Furniture and other Equipment | Assets under Construction | Total |
|---|---|---|---|---|---|
| **Carrying value on 1 January 2018** | **12,979,364** | **28,330,975** | **148,040** | **3** | **41,458,381** |
| Additions | 1,153,309 | 5,695,174 | 132,303 | 0 | 6,980,787 |
| Disposals –Write-offs | 0 | (40,858) | 0 | 0 | (40,858) |
| Depreciations | (397,649) | (3,052,258) | (80,181) | 0 | (3,530,089) |
| Disposals-Depreciation write-offs | 0 | 5,550 | 0 | 0 | 5,550 |
| Carried forward | 0 | 0 | 0 | 0 | 0 |
| **Carrying value on 31 December 2018** | **13,735,023** | **30,938,582** | **200,162** | **3** | **44,873,771** |
| Effect on the application of IFRS 16 (Note 6.2.2) | 206.851 | 306.855 | 0 | 0 | 513.716 |
| Additions | 1.304.080 | 4.818.208 | 252.563 | 0 | 6.443.981 |
| Disposals –Write-offs | 0 | (1.299.659) | 0 | 0 | (1.299.659) |
| Depreciations | (474.901) | (3.552.180) | (90.814) | 0 | (4.117.895) |
| Disposals-Depreciation write-offs | 0 | 100.680 | 0 | 0 | 100.680 |
| Asset Derecognition | (121.465) | (163.642) | (27.948) | 0 | (313.055) |
| **Carrying value on 31 December 2019** | **14.655.671** | **31.211.902** | **333.964** | **3** | **46.201.540** |

| COMPANY | Land Plots & Buildings | Transport Means & Mechanical Equipment | Furniture and other Equipment | Assets under Construction | Total |
|---|---|---|---|---|---|
| **Carrying value on 1 January 2018** | **8,836,180** | **5,766,358** | **121,999** | **3** | **14,724,539** |
| Μικτή Λογιστική αξία Gross carrying value | 12,091,974 | 20,443,014 | 1,080,066 | 3 | 33,615,056 |
| Accumulated depreciation and impairment of value | (2,441,076) | (10,340,266) | (907,339) | 0 | (13,688,681) |
| **Carrying value on 31 December 2018** | **9,650,898** | **10,102,748** | **172,726** | **3** | **19,926,375** |
| Gross carrying value | 12.962.639 | 24.204.824 | 1.274.973 | 3 | 38.442.439 |
| Accumulated depreciation and impairment | (2.655.834) | (12.043.412) | (979.677) | 0 | (15.678.923) |
| **Carrying value on 31 December 2019** | **10.306.805** | **12.161.411** | **295.296** | **3** | **22.763.516** |

| | Land Plots & Buildings | Transport Means & Mechanical Equipment | Furniture and other Equipment | Assets under Construction | Total |
|---|---|---|---|---|---|
| **Carrying value on 1 January 2018** | **8,836,180** | **5,766,358** | **121,999** | **3** | **14,724,539** |
| Additions | 994,704 | 5,643,343 | 117,435 | 0 | 6,755,482 |
| Disposals –Write-offs | 0 | (40,858) | 0 | 0 | (40,858) |
| Depreciations | (179,986) | (1,271,645) | (66,707) | 0 | (1,518,337) |
| Disposals-Depreciation write-offs | 0 | 5,550 | 0 | 0 | 5,550 |
| Carried forward | 0 | | 0 | 0 | 0 |
| **Carrying value on 31 December 2018** | **9,650,898** | **10,102,748** | **172,726** | **3** | **19,926,375** |
| Effect on the application of IFRS 16 (Note 6.2.2) | 146.159 | 213.002 | 0 | 0 | 359.160 |
| Additions | 767.407 | 4.853.265 | 194.908 | 0 | 5.815.579 |
| Disposals –Write-offs | 0 | (1.277.811) | 0 | 0 | (1.277.811) |
| Depreciations | (257.658) | (1.771.378) | (72.338) | 0 | (2.101.374) |
| Disposals-Depreciation write-offs | 0 | 87.853 | 0 | 0 | 87.852 |
| Carried forward | 0 | (46.267) | 0 | 0 | (46.267) |

| | | | | | |
|---|---|---|---|---|---|
| **Carrying value on 31 December 2019** | **10.306.805** | **12.161.411** | **295.296** | **3** | **22.763.515** |

The tangible immobilizations of the above table include the fixed assets with rights of use of the company and the group which are analyzed per category of fixed asset in the following.

**GROUP**

| | LAND & BUILDINGS | MEANS OF TRANSPORT | MACHINERY |
|---|---|---|---|
| **Remaining period before the application of IFRS 16** | **0** | **0** | **2,507,004** |
| Effect on the application of IFRS 16 | 206,861 | 306,855 | |
| **Remaining period beginning after the application of IFRS 16** | **206,861** | **306,855** | **2,507,004** |
| Period additions | | 327.902 | 1.685.374 |
| Period depreciation | (56,599) | (72.061) | (421.659) |
| Derecognition | (60,702) | (140.120) | 0 |
| **Period end balance** | **89,560** | **422.576** | **3.770.720** |

**COMPANY**

| | LAND & BUILDINGS | MEANS OF TRANSPORT | MACHINERY |
|---|---|---|---|
| **Remaining period before the application of IFRS 16** | **0** | **0** | **2,507,004** |
| Effect on the application of IFRS 16 | 146,159 | 213,002 | 0 |
| **Remaining period beginning after the application of IFRS 16** | **146,159** | **213,002** | **2,507,004** |
| Period additions | 0 | 327.902 | 1.685.374 |
| Period depreciation | (56,599) | (72.061) | (421.659) |
| Derecognition | 0 | (46.751) | 0 |
| **Period end balance** | **89,560** | **422.576** | **3.770.720** |

It is noted that on the property located at 7 Lykovrysi Street which is owned by the company, a pre-notation of mortgage has been registered in the amount of 7,000,000 Euro (first mortgage) as security for the common bond loan in the amount of 4,999,986 Euro which was signed with EUROBANK on 22/10/2008. The loan was repaid on 22/10/2019 and procedures for the removal of the prenotation have commenced, which would have been completed, the court hearing date was set on 3/2020 but was cancelled due to the pandemic.

Furthermore, prenotations have been registered in the amount of 3,500,000 Euro (second mortgage) ) as security for the common bond loan in the amount of 7,000,000 Euro which was signed with ALPHA BANK (former ΕΜΠΟΡΙΚΗ ΤΡΑΠΕΖΑ) (the outstanding balance on 31/12/2018 is 1,873,150 Euro). There are no pre-notations of mortgages registered on the fixed assets of the subsidiaries.

## Real estate investments

| | GROUP | COMPANY |
|---|---|---|
| **Investments on property on 1 January** | **55,851** | **55,851** |

| | | |
|---|---|---|
| **2018** | | |
| Additions | 28,780,000 | 0 |
| Sales | 0 | 0 |
| Valuation | 0 | 0 |
| **Investments on property on 31 December 2018** | **28,835,851** | **55,851** |
| Additions | 20,555 | 0 |
| Additions from acquisition of subsidiary | 0 | 0 |
| Sales | 0 | 0 |
| Valuation | 0 | 0 |
| **Investments on property on 31 December 2019** | **28,856,406** | **55,851** |

The Company's investment property amounting to € 55,851 relates to the acquisition cost of two properties, one purchased in 2015 and the second in 2016 for the purpose of exploitation. The Group's investment property amounting to 28,835,851 relates to an area of 2,800 acres in Sitia Crete for the purpose of sale and the Group and the Company monitor these properties at fair value (see Note 10.29).

## 10.2. Intangible Assets

| | GROUP | | | |
|---|---|---|---|---|
| | **Software** | **Rights** | **Other** | **Total** |
| **Carrying value on 1 January 2018** | **29,984** | **262,114** | **214,309** | **506,407** |
| Gross carrying value | 370,540 | 8,123,113 | 443,375 | 8,937,028 |
| Accumulated depreciation and impairment of value | (345,685) | (895,420) | (257,284) | (1,498,388) |
| **Carrying value on 31 December 2018** | **24,855** | **7,227,693** | **186,092** | **7,438,640** |
| Gross carrying value | 371,000 | 9,151,060 | **443,375** | **9,965,436** |
| Accumulated depreciation and impairment of value | (355,619) | (1,279,102) | **(284,796)** | **(1,919,517)** |
| **Carrying value on 31 December 2019** | **15,381** | **7,871,958** | **158,579** | **8,045,919** |

| | **Software** | **Rights** | **Other** | **Total** |
|---|---|---|---|---|
| **Carrying value on 1 January 2018** | **29,984** | **262,114** | **214,309** | **506,407** |
| Additions | 10,480 | 7,141,145 | 0 | 7,151,625 |
| Disposals –Write-offs | 0 | 0 | 0 | 0 |
| Depreciation | (16,026) | (175,566) | (27,800) | (219,392) |
| Carried forward | 0 | 0 | 0 | 0 |
| **Carrying value on 31 December 2018** | **24,438** | **7,227,693** | **186,509** | **7,438,640** |
| Additions | 460 | 1,027,947 | 0 | **1,028,407** |
| Disposals –Write-offs | 0 | 0 | 0 | **0** |
| Depreciation | (9,934) | (383,682) | (27,512) | **(421,129)** |
| Carried forward | | | | **0** |
| **Carrying value on 31 December 2019** | **14,964** | **7,871,958** | **158,997** | **8,045,918** |

| | COMPANY | | |
|---|---|---|---|
| | **Software** | **Rights** | **Total** |
| **Carrying value on 1 January 2018** | **30,401** | **173,177** | **203,578** |
| Gross carrying value | 367,546 | 7,777,578 | 8,145,124 |
| Accumulated depreciation and impairment of | (342,691) | (638,822) | (981,512) |

| | | | |
|---|---|---|---|
| value | | | |
| **Carrying value on 31 December 2018** | **24,855** | **7,138,756** | **7,163,611** |
| Gross carrying value | 368,006 | 8,805,525 | **9,173,531** |
| Accumulated depreciation and impairment of value | (352,625) | (1,022,504) | **(1,375,129)** |
| **Carrying value on 31 December 2019** | **15,381** | **7,783,021** | **7,798,402** |

| | **Software** | **Δικαιώματα** | **Σύνολο** |
|---|---|---|---|
| **Carrying value on 1 January 2018** | **30,400** | **173,177** | **203,578** |
| Additions | 7,486 | 7,141,145 | 7,148,631 |
| Disposals –Write-offs | 0 | 0 | 0 |
| Depreciation | (13,032) | (175,566) | (188,597) |
| Disposals-Depreciation write-offs | 0 | 0 | 0 |
| μεταφορές | 0 | 0 | 0 |
| **Λογιστική αξία την 31 Δεκεμβρίου 2018** | **24,855** | **7,138,757** | **7,163,611** |
| Προσθήκες | 0 | 0 | 0 |
| πωλήσεις-μειώσεις | 460 | 1,027,947 | 1,028,407 |
| Αποσβέσεις | 0 | 0 | 0 |
| Πωλήσεις - Μειώσεις αποσβέσεων | -9,934 | -383,682 | -393,617 |
| Carried forward | 0 | 0 | 0 |
| **Carrying value on 31 December 2019** | 0 | 0 | 0 |
| | **15,380** | **7,783,021** | **7,798,402** |

## 10.4. Investments in Subsidiaries and Related Companies

Investments in subsidiaries are analyzed below:

| | COMPANY | | | | | |
|---|---|---|---|---|---|---|
| | **FEIDIAS S.A. (90.00% Share)** | **KALLITECHNOKRATIS LTD. (30.00% Participation)** | **IDEH S.A. (100% Participation)** | **ΙΚΤΙΝΟΣ MARMARON S.A. (100% Participation)** | **LATIRUS (97.85% Participation)** | **TOTAL** |
| **Acquisition Cost 31/12/2018** | **864,742** | **11,005** | **12,251,500** | **1,786,028** | **15,515,908** | **30,429,184** |
| Equity Increase | | | 1,800,000 | | | **1,800,000** |
| Participation impairment | | | | -1,170,000 | | **-1,170,000** |
| **Acquisition Cost 31/12/2019** | **864,742** | **11,005** | **14,051,500** | **616,028** | **15,515,908** | **31,059,184** |

The company participated in the share capital increase of the 100% subsidiary company IDEH S.A. amounting to € 1,800,000, through the capitalization receivables.

By resolution (27/02/2020) of the General Meeting, the company proceeded to the termination of operations of the subsidiary IKTINOS MARMARON SA and its position in liquidation for reasons of economics of scale and reactivation of sales in the domestic market by creating a new department within the company, thus impairing the value of participation by 1,170,000 Euro.

### 10.6. Deferred taxes

The corporate income tax rate in Greece was set at 24% for 2019.

Due to the modification in the income tax rate in Greece, there was a deferred income tax (income) amounting to 223,330 euro and 68,166 euro for the Group and the Company, respectively, from the recalculation of receivables and liabilities from deferred taxation (see Note 10.26).

The deferred tax assets / liabilities of the Group arising from the related temporary tax variations are as follows:

| | GROUP | | | |
|---|---|---|---|---|
| | 31/12/2019 | | 31/12/2018 | |
| | **Receivables** | **Liabilities** | **Receivables** | **Liabilities** |
| **Non-current assets** | | | | |
| Intangible Assets | 400,530 | 30,873 | 401,230 | 6,544 |
| Tangible assets | 167,175 | 2,364,373 | 143,342 | 2,039,670 |
| Investment properties | | 4,248,090 | 0 | 4,424,643 |
| **Current Assets** | | | | |
| Stock | 48,000 | 0 | 118,879 | 0 |
| Receivables | 172,569 | 0 | 180,045 | 0 |
| Financial assets measured at fair value | | 0 | 32,868 | 0 |
| **Inventory** | | | | |
| Tax deduction for inventory | | 0 | | |
| **Long-term Liabilities** | | | | |
| Provisions | 320,370 | 18,332 | 252,098 | 1,787 |
| Other Long-term Liabilities | 0 | 0 | 0 | 0 |
| **Short-term Liabilities** | | | | |
| Short-term Provisions | 0 | 0 | | |
| Other Short-term Liabilities | 4,000 | 1,715 | 4,666 | 0 |
| **Total** | **1,112,643** | **6,663,383** | **1,133,127** | **6,472,643** |

Respectively, the deferred tax receivables/liabilities of the Company as they arise from the relevant provisional tax differences are as follows:

| | | | COMPANY | | |
|---|---|---|---|---|---|
| | 31/12/2019 | | | 31/12/2018 | |
| | **Receivables** | **Liabilities** | **Receivables** | **Liabilities** | **Receivables** |
| **Non-current assets** | | | | | |
| Intangible assets | 362,066 | 0 | | 361,155 | 0 |
| Tangible assets | 108,074 | 106,031 | | 103,552 | 124,935 |
| Investments in related companies | 2,130,123 | 0 | | 1,926,378 | 0 |
| **Current Assets** | | | | | |
| Stock | 48,000 | 0 | | 98,000 | 0 |
| Receivables | 172,569 | 0 | | 180,045 | 0 |

| | | | | | |
|---|---|---|---|---|---|
| Financial assets measured at fair value | | 0 | 0 | 32,868 | 0 |
| **Inventory** | | | | | |
| Tax deduction for inventory | | | | | |
| **Long-term Liabilities** | | | | | |
| Provisions | 303,760 | 18,332 | | 217,735 | 0 |
| Other Long-term Liabilities | 0 | 0 | | 0 | 0 |
| **Short-term Liabilities** | | | | | |
| Short-term Provisions | 0 | 0 | | 0 | 0 |
| Other Short-term Liabilities | 4,000 | | | 4,667 | |
| **Total** | **3,128,592** | **124,363** | | **2,924,400** | **124,935** |

The Group is subject to an income tax rate of 24% for 2019, whereas for 2018 it was 29%.. On 12/12/2019, the new tax law 4646/2019 was passed, where according to article 22, the tax rate is now set at 24% for the income of the tax year 2019 and onwards.

The deferred tax has been calculated at the tax rate applicable each year that the recognition of a revenue or expenditure will be take place.

Deferred taxes in the Statement of Total Income are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1/1-31/12/2019 | 1/1-31/12/2018 | 1/1-31/12/2019 | 1/1-31/12/2018 |
| Intangible assets expenditure/(income) | 25,029 | 118,876 | (910) | 94,664 |
| Tangible assets expenditure/income) | 132,288 | 20,365 | (23,427) | 23,423 |
| Investment property expenditure / (income) | 0 | (707,943) | 0 | 0 |
| Investments n related companies expenditure/(income) | (7,971) | 0 | (203,745) | 316,192 |
| Inventory expenditure/(income) | 70,879 | (75,379) | 50,000 | (54,500) |
| Receivables expenditure/(income) | 7,476 | 277,928 | 7,476 | 277,928 |
| Financial assets at fair value through profit or loss expenditure / (income) | 0 | (32,868) | 0 | (32,868) |
| Provisions expenditure / (income) | (91,833) | (6,827) | (109,949) | (12,659) |
| Other Long-Term Liabilities expenditure/(income) | 0 | 0 | 0 | |
| Other Short-Term Liabilities expenditure/(income) | 106.926 | (52,628) | 106,997 | (52,628) |
| **Expenditure/(income) of Deferred tax in profit/loss account** | **242,792** | **(458,474)** | **(173,558)** | **559,552** |

## 10.7. Other long-term receivables

Other long-term recevables of the Group and the Company are analyzed in the table below:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2019** | **31/12/2018** | **31/12/2019** | **31/12/2018** |
| Given guarantees | 55,426 | 58,781 | 35,726 | 34,764 |

## 10.8. Inventories

The inventories of the Group and the Company are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Raw materials | 7,705,085 | 7,057,875 | 7,705,085 | 7,057,875 |
| Finished and semi-finished products | 10,771,927 | 9,474,114 | 10,771,927 | 9,474,114 |
| Work in progress | 0 | 0 | 0 | 0 |
| Merchandise | 1,758,546 | 1,826,430 | 607,983 | 699,631 |
| Other | 1,697,827 | 1,720,237 | 1,673,924 | 1,676,850 |
| Provisions for impairment of inventory | (541,757) | (391,757) | (350,000) | (350,000) |
| **Total** | **21,391,627** | **19,686,898** | **20,408,919** | **18,558,470** |

## 10.9. Customers and other trade receivables

Οι πελάτες και οι λοιπές εμπορικές απαιτήσεις του Ομίλου και της Εταιρείας, αναλύονται ως εξής:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Customers | 7,342,585 | 7,915,308 | 8,141,492 | 7,718,235 |
| Bills receivable | 13,000 | 13,000 | 13,000 | 13,000 |
| Checks receivable | 449,712 | 615,178 | 284,434 | 615,178 |
| Less: Impairment provisions | -1,429,738 | -1,281,508 | (979,738) | (981,508) |
| **Net Trade receivables** | **6,375,559** | **7,261,979** | **7,459,188** | **7,364,905** |

The fair value of receivables do not fundamentally differ from the values recognized in the Financial Statements. The Group made a provision for bad debts in the amount of € 750.000.

The movement of the account of "provisions of bad debts" is the following:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| **Revalued balance on 1 January** | **-1,281,508** | **-1,550,638** | **-981,508** | **-1,550,638** |
| Addition of current period | -750,000 | -744,700 | -600,000 | -444,700 |
| Use of provisions | 601,770 | 1,230,460 | 601,770 | 1,230,460 |
| **Total** | **-1,429,738** | **-1,281,508** | **-979,738** | **-981,508** |

The provision for impairment is analyzed as follows based on the new IFRS 9:

| | GROUP 2019 | | | COMPANY 2019 | | |
|---|---|---|---|---|---|---|
| | Στάδιο 1 | Στάδιο 2 | Στάδιο 3 | Στάδιο 1 | Στάδιο 2 | Στάδιο 3 |
| Balance on January 1st | | -261.630 | -1.020.178 | | -261.630 | -720.178) |
| Addition of current period | | -416.321 | -333.679 | | -416.321 | (183.679) |
| Use of provisions | | | 601.770 | | | 601.770 |
| **Balance December 31st** | | **-677.651** | **-752.087** | **0** | **-677.651** | **-302.087** |

The time frame of trade receivables is as follows:

| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
|---|---|---|---|---|
| Not due and not impaired | 4.883.562 | 5.196.980 | 6.263.644 | 6.140.707 |
| **Due and not impaired:** | | | | |
| 0- 90 days | 452.889 | 1.214.767 | 451.773,14 | 546.639 |
| 91 - 180 days | 221.684 | 577.315 | 215.044,37 | 244.840 |
| 181 - 365 days | 767.264 | 210.130 | 478.566,54 | 372.396 |
| > 365 days | 50.160 | 62.787 | 50.160,00 | 60.323 |
| | **6.375.559** | **7.261.979** | **7.459.188** | **7.364.905** |

Provisions and bad debts are recognized on an individual basis when there is objective indication that the group or the company will not collect all the amounts which are provided in accordance with the initial terms of the sales contracts. Indications of uncollectable amounts include the delay in recovery of receivables and significant financial difficulties of customers-debtors. The amount of the provision is the difference between the carrying amount of receivables and the estimated cash flows which will be collected. The carrying amount of receivables is written off with the recognition of the writing off in the profit-loss account under the item "Other Expenditure". Subsequent recoveries of impaired amounts are recognized as revenue under the item "Other Income".

## 10.10. Other receivables

Other receivables of the Group and the Company are analyzed as follows :

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Receivables from the Greek Government | 6,832,952 | 6,173,568 | 6,383,215 | 5,804,983 |
| Advance payments | 390 | 4,222 | 0 | 4,222 |
| Carry forward of assets to other receivables | 106,159 | 0 | 0 | 0 |
| Other receivables | 1,231,579 | 963,094 | 751,105 | 2,499,379 |
| **Net receivables from debtors** | **8,171,081** | **7,140,884** | **7,134,321** | **8,308,584** |

The fair values of receivables do not fundamentally differ from the values recognized in the Financial Statements.

## 10.11. Cash and cash equivalents

The Cash in hand of the Group and the Company are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Cash in hand | 13,916 | 34,747 | 1,114 | 814 |
| Short-term bank deposits | 1,570,331 | 1,834,784 | 1,445,019 | 1,643,163 |
| **Total** | **1,584,248** | **1,869,531** | **1,446,133** | **1,643,977** |

## 10.12. Equity

### Share capital

| | VALUE | | | |
|---|---|---|---|---|
| | Number of Shares | Share Capital | At premium | Total |
| **Balance on 31 December 2018** | **28,580,100** | **11,432,040** | **43,792** | **11,475,832** |
| Issuance of new shares | - | - | - | - |
| Share Capital Increase with share premium capitalization | - | - | - | - |
| Return capital | - | - | - | - |
| **Balance on 31 December 2018** | **28,580,100** | **11,432,040** | **43,792** | **11,475,832** |
| Issuance of new shares | - | - | - | - |
| Share Capital Increase with share premium capitalization | - | - | - | - |
| Return capital | - | - | - | - |
| **Balance on 31 December 2019** | **114,320,400** | **11,432,040** | **43,792** | **11,475,832** |

At the annual Ordinary General Meeting of the Company's shareholders, held on 26.6.2019, it was decided to reduce the nominal value of the share from forty cents (0.40) to ten cents of the euro (0.10) while increasing the total number of shares from 28,580,100 to 114,320,400 common registered shares and issuing 85,740,300 new shares.

The above 85,740,300 shares were distributed free of charge to the company's shareholders with a replacement ratio of four (4) new common registered shares for each one (1) old registered share.

The company decided with its Extraordinary General Meeting No 88/27-2-2020 to purchase own shares of the Company through the Athens Stock Market in accordance with the provisions article 49 of L. 4548/2018 with the following specific terms and conditions:

- Approval is granted for a term of : 24 months
- Maximum share price that acquisition can take place : € 4,00
- Minimum share price that acquisition can take place: € 0,50
- Maximum number of shares which may be acquired: Up to 1/10 of the paid-up share capital (of the total number of shares).

The Company already owns 489,916 own shares, that is 0,429% of the share capital.

**Reserves**

| | GROUP | | |
|---|---|---|---|
| | Statutory reserve | Other Reserves | Total |
| **Balance on 1 January 2018** | **1,557,947** | **6,262,386** | **7,820,333** |
| Changes during the period | 508,955 | 457,427 | 966,382 |
| **Balance at 31 December 2018** | **2,066,902** | **6,719,813** | **8,786,715** |
| Changes during the period | 595,911 | 0 | 595,911 |
| **Balance at 31 December 2019** | **2,662,813** | **6,719,813** | **9,382,626** |

| | COMPANY | | |
|---|---|---|---|
| | Statutory reserve | Other Reserves | Total |
| **Balance on 1 January 2018** | **1,557,947** | **6,262,386** | **7,820,333** |
| Changes during the period | 508,955 | 457,427 | 966,382 |
| **Balance at 31 December 2018** | **2,066,902** | **6,719,813** | **8,786,715** |
| Changes during the period | 595,911 | 0 | 595,911 |
| **Balance at 31 December 2019** | **2,662,813** | **6,719,813** | **9,382,626** |

## 10.13. Loan liabilities

The loan liabilities of the Group and of the Company are analyzed as follows:

The maturity dates of all the Group's and Company's loans are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| **Long-term loans** | | | | |
| Bank loans | 16,607,836 | 19,304,533 | 14,294,500 | 15,834,531 |
| Finance lease liabilities | 1,609,822 | 779,168 | 1,609,822 | 779,168 |
| **Total long-term loans** | **18,217,658** | **20,083,701** | **15,904,322** | **16,613,699** |
| **Long-term liabilities payable in the following period** | **2,548,473** | **1,786,475** | **1,647,780** | **1,124,816** |
| **Short-term loans** | | | | |
| Bank loans | 20,205,014 | 12,612,770 | 19,175,272 | 12,343,371 |
| Finance lease liabilities | 1,191,322 | 534,461 | 1,191,322 | 534,461 |
| **Total short-term loans** | **21,396,336** | **13,147,231** | **20,366,594** | **12,877,832** |
| **Total loans** | **42,162,466** | **35,017,407** | **37,918,696** | **30,616,346** |

| | COMPANY | | | |
|---|---|---|---|---|
| | Up to 1 year | Between 1 and 5 years | Over 5 years | |
| **31 December 2018** | | | | |
| Total loans | 13,468,187 | 9,994,531 | 5,840,000 | **29,302,718** |
| Total finance leases | 534,461 | 779,168 | 0 | **1,313,629** |
| **31 December 2019** | | | | |
| Total loans | 20,823,053 | 9,494,500 | 4,800,000 | **35,117,553** |
| Total finance leases | 1,191,322 | 1,609,822 | 0 | **2,801,143** |

| | GROUP | | | |
|---|---|---|---|---|
| | Up to 1 year | Between 1 and 5 years | Over 5 years | Total |
| **31 December 2018** | | | | |
| Total loans | 14,399,245 | 13,464,533 | 5,840,000 | **33,703,778** |
| Total finance leases | 534,461 | 779,168 | 0 | **1,313,629** |
| **31 December 2019** | | | | |
| Total loans | 22,753,487 | 11,807,836 | 4,800,000 | **39,361,323** |
| Total finance leases | 1,191,322 | 1,609,822 | 0 | **2,801,143** |

**Securities**

On the property at 7 Lykovrysi Street, the company has registered pre-notations of mortgage amounting to 6,500,000 Euro (first mortgage) to secure the common bond loan amounting to 4,999,986 Euro, which was signed with EUROBANK on 22/10/2008 and amended on 17/10/2016 . The loan was repaid on 22/10/2019 and procedures have been initiated for the removal of the pre-notation, which would have been completed, there was appointed trial on 3/2020 but was cancelled due to the corona virus.

There are registered pre-notations of 5,000,000 Euro (second mortgage) to secure the common 7,000,000-euro bond loan signed with ALPHA BANK (former EMPORIKI BANK) on 17.10.2008 and amended on 31.1.2017. The balance of the loan on 31/12/2018 amounts to 1,873,150 Euro.

A first class and order pledge has been set up on Iktinos Techniki & Touristiki SA shares, which account for 97.764% of the share capital of the company Laritus Ltd, securing the common bond loan amounting to 10,000,000 Euro signed with ALPHA BANK. The balance of the loan on 31/12/2018 amounts to 10,000,000 Euro.

The average lending rate of the group and the company on the balance sheet date is 4.82% and 4.73% respectively.

## 10.14. Employee benefit liabilities

Under Greek labor law, employees are entitled to compensation in cases of dismissal or retirement, the amount of which is related to employees' salaries, duration of service and reason of termination (dismissal or retirement). Employees who resign or are dismissed for no reason are entitled to compensation. The compensation due in case of retirement is equal to 40% of the amount that would be paid in case of dismissal. In the beginning of 2020, the subsidiary Iktinos Marmaron transferred to the company IKT IKTINOS IKE all its staff without making any commitment regarding the compensation of employees to the counterparty company, for this reason on 31st December 2019 the said subsidiary derecognized the entire provision.

The changes in the present value of staff compensation due to leaving the service are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| **Opening balance for period on 01/01/2019** | **755,925** | **706,297** | **650,417** | **615,307** |
| Current labor cost | 61,080 | 48,842 | 57,963 | 44,461 |
| Financial cost | 10,902 | 12,014 | 10,407 | 10,521 |
| Cost of transfer of personnel | 0 | 0,31 | 0 | 3,598 |
| Cost (result) of Settlements | (73,593) | 15554 | 1,441 | 9,138 |
| Benefits paid within the current period | -25,007 | -28269 | -25,007 | -16,074 |
| Actuarial (profit)/loss | 131,537 | 1,486 | 130,027 | -16,535 |
| **Closing balance on 31/12/2019** | **860,844** | **755,925** | **825,248** | **650,417** |

The main actuarial assumptions used are the following:

| | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Discount interest rate | 1.15% | 1.60% |
| Future increases in salaries | 2.50% | 2.50% |
| Inflation | 1.50% | 2.00% |

The use of a higher discount interest rate by 0.5% would result in the actuarial liability being 7% less for the Company and the Group, while the exact reverse action, i.e. the use of a lower discount interest rate by 0.5% would result in the actuarial liability being 8% more for the Company and the Group. The use of a higher expectation of increase in salaries by 0.5% would result in the actuarial liability being 8% less for the Company and the Group, while the exact reverse action, i.e. the use of an expectation of increase in salaries by 0.5% would result in the actuarial liability being 7% more for the Company and the Group.

**Sensitivity analysis**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | Actuarial Liability | % Change | Actuarial Liability | % Change |
| Increase of discount interest rate by 0.5% | 700,898 | -7% | 604,391 | -7% |
| Decrease of discount rate by 0.5% | 817,830 | 8% | 701,339 | 8% |
| Increase of projected salary increase by 0.5% | 812,987 | 8% | 697,211 | 7% |
| Decrease of projected salary increase by 0.5% | 704,542 | -7% | 607,527 | -7% |

## 10.15. Government Grants

The grants of the Group and of the Company are analyzed as follows:

| | GROUP | |
|---|---|---|
| | 31/12/2019 | 31/12/2018 |
| Grants | 6,572,995 | **7,174,193** |
| New Grants | 0 | 0 |
| ***Less:*** Attributable depreciation for the period | -593,385 | -601,198 |

| | | |
|---|---|---|
| **Total** | 5,979,610 | 6,572,995 |

| | COMPANY | |
|---|---|---|
| | **31/12/2019** | **31/12/2018** |
| Grants | 193,591 | 251,861 |
| New Grants | 0 | 0 |
| ***Less:*** Attributable depreciation for the period | (50,457) | (58,270) |
| **Total** | **143,134** | **193,591** |

## 10.16. Provisions

The Group has an obligation to restore the natural landscape in the areas where quarries are created or power plants are installed. The relevant provisions that have been recognized until 31/12/2019 by the Group and the Company are as follows:

| | GROUP Provisions | COMPANY Provisions |
|---|---|---|
| **Opening balance on 1 January 2018** | **142,701** | **110,882** |
| *Additional provisions for the period:* | | |
| Tax for unaudited periods | | |
| Wind farm restoration costs | 1,591 | |
| Quarries restoration costs | 6,653 | 6,653 |
| Predictions recognized in the fixed | 102,988 | 102,988 |
| **Closing balance on 31 December 2018** | **253,934** | **220,523** |
| *Additional provisions for the period:* | | |
| Tax for unaudited periods | | |
| Wind farm restoration costs | 1,671 | |
| Quarries restoration costs | 11,378 | 11,378 |
| Predictions recognized in the fixed | 0 | |
| **Closing balance on 31 December 2019** | **266,982** | **231,901** |

## 10.17. Suppliers and other liabilities

The analysis of the outstanding balances of suppliers and other related liabilities of the Group and of the Company are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2019** | **31/12/2018** | **31/12/2019** | **31/12/2018** |
| Suppliers | 536,544 | 505,383 | 238,089 | 221,299 |
| Checks payable | 6,754,206 | 7,631,820 | 6,217,647 | 6,984,370 |
| Prepayments from Customers | 842,183 | 2,557,084 | 645,209 | 2,300,013 |
| **Total** | **8,132,934** | **10,694,287** | **7,100,945** | **9,505,682** |

## 10.18. Current tax liabilities

| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
|---|---|---|---|---|
| Income tax | 1,878,610 | 6,188,144 | 1.864.071 | 6,051,514 |
| Other taxes | 3,359,816 | 963,707 | 3.126.383 | 697,697 |
| **Total** | **5,238,426** | **7,151,851** | **4,990,454** | **6,749,211** |

## 10.19. Other short-term liabilities

Other short-term liabilities of the Group and of the company are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Insurance and pension | 1,290,681 | 1,503,875 | 1,173,364 | 1,432,464 |
| contributions payable | 28,248 | 22,757 | 28,248 | 22,757 |
| Other obligations | 4,149,186 | 2,332,449 | 4,688,340 | 2,885,692 |
| Accrued expenses | 401,867 | 280,654 | 260,644 | 149,368 |
| **Total** | **5,869,981** | **4,139,735** | **6,150,597** | **4,490,281** |

## 10.20. Sales

The sales of the group and of the company are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Merchandise | 1,750,804 | 3,479,022 | 24,261 | 408,677 |
| Goods | 14,465,327 | 16,148,770 | 15,137,142 | 14,081,737 |
| Raw materials | 24,242,122 | 37,122,201 | 24,242,246 | 37,122,201 |
| Services | 1,762,374 | 1,194,893 | 978,257 | 1,204,360 |
| Wind Energy | 2,029,251 | 2,095,867 | 0 | 0 |
| Other | 241,170 | 409,841 | 206,261 | 353,886 |
| **TOTAL** | **44,491,049** | **60,450,595** | **40,588,167** | **53,170,861** |

## 10.21. Expenditure per category

The expenditure of the Group and of the Company is analyzed as follows:

**Cost of Sales**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01/01-31/12/2019 | 01/01-31/12/2018 | 01/01-31/12/2019 | 01/01-31/12/2018 |
| Employee remuneration | 8.399.309 | 8.468.523 | 7.991.566 | 8.063.217 |
| Professional fees | 1.771.984 | 1.518.497 | 1.058.884 | 1.289.374 |
| Charges for outside services | 2.587.572 | 3.391.577 | 1.818.247 | 2.655.837 |
| Taxes-Duties | 154.531 | 135.714 | 51.394 | 37.393 |
| General Expenses | 275.696 | 323.163 | 221.931 | 282.783 |
| Financial | 94.351 | 49.308 | 94.351 | 49.308 |
| Depreciation | 3.897.495 | 3.431.286 | 1.903.723 | 1.436.768 |
| **Total** | **17.180.936** | **17.318.067** | **13.140.095** | **13.814.680** |
| Inventory cost | 8.313.595 | 10.732.004 | 7.996.493 | 8.756.707 |
| Impairment of inventory | 0 | 200 | 0 | 200 |
| self-supply | -449.081 | -74.827 | -449.081 | -74.827 |
| **Sales Cost** | **25.045.450** | **28.175.244** | **20.687.506** | **22.696.559** |

## Management costs

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01/01-31/12/2019 | 01/01-31/12/2018 | 01/01-31/12/2019 | 01/01-31/12/2018 |
| Employee remuneration | 2,689,204 | 2,531,935 | 2,208,206 | 1,920,957 |
| Professional fees | 1,064,010 | 1,351,247 | 991,781 | 1,158,850 |
| Charges for outside services | 84,443 | 268,296 | 137,915 | 316,918 |
| Taxes-Duties | 83,313 | 106,741 | 64,519 | 72,717 |
| General Expenses | 822,247 | 714,891 | 561,063 | 434,325 |
| Financial | 15,862 | 10,115 | 15,862 | 10,115 |
| Depreciation | 348,839 | 223,143 | 297,378 | 175,115 |
| Provisions | 62,521 | 64,397 | 59,404 | 57,198 |
| **Total** | **5,170,439** | **5,270,765** | **4,336,128** | **4,146,196** |
| Cost of inventories | 82,291 | 23,739 | 82,291 | 23,739 |
| **Total** | **5,252,730** | **5,294,505** | **4,418,419** | **4,169,935** |

## Disposal costs

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01/01-31/12/2019 | 01/01-31/12/2018 | 01/01-31/12/2019 | 01/01-31/12/2018 |
| Employee remuneration | 1,273,972 | 1,237,748 | 1,149,923 | 1,071,497 |
| Professional fees | 284,520 | 304,562 | 242,270 | 284,407 |
| Charges for external services | 264,916 | 268,726 | 151,647 | 160,290 |
| Taxes-Duties | 27,351 | 35,371 | 27,351 | 35,371 |

| | | | | |
|---|---|---|---|---|
| General Expenses | 4,553,586 | 4,875,380 | 4,456,339 | 4,716,018 |
| Financial | 808 | 0 | 808 | |
| Depreciation | 121,144 | 90,575 | 121,144 | 90,575 |
| **Total** | **6,526,296** | **6,812,362** | **6,149,482** | **6,358,159** |
| | | | | |
| Cost of inventories | 401,172 | 374,044 | 401,172 | 374,044 |
| **Total** | **6,927,469** | **7,186,407** | **6,550,654** | **6,732,203** |

### Expenses for Research and Development

| | **01/01-31/12/2019** | **01/01-31/12/2018** | **01/01-31/12/2019** | **01/01-31/12/2018** |
|---|---|---|---|---|
| Employee remuneration | | | | |
| Professional fees | 14,257 | 27,491 | 14,257 | 27,491 |
| Charges for external services | 4,200 | 4,200 | 4,200 | 4,200 |
| Taxes-Duties | | | | |
| General Expenses | 48,871 | 7,447 | 48,871 | 7,447 |
| Depreciation | | 4,476 | | 4,476 |
| Financial | | | | |
| **Total** | **67,328** | **43,615** | **67,328** | **43,615** |
| | | | | |
| Cost of inventories | | 258 | | 258 |
| **Total** | **67,328** | **43,873** | **67,328** | **43,873** |

For the year that ended on 31st December 2019, the expenses of the fiscal year analyzed in the "Third Party Remuneration" fund include fees of the auditor and the audit firm amounting to € 250 (2018: € 6,000) for the Group and € 0 (2018: €: 6,000) for the Company, relating to permitted non-audit services (excluding obligatory and tax audit services).

Employee remuneration is analyzed as follows:

| | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **1/1 - 31/12/2019** | **1/1 - 31/12/2018** | **1/1 - 31/12/2019** | **1/1 - 31/12/2018** |
| Salaries and wages | 9,493,750 | 8,061,390 | 8,667,254 | 7,094,619 |
| Employer contributions | 2,602,985 | 2,067,741 | 2,424,676 | 1,869,860 |
| Other | 328,270 | 137,192 | 317,168 | 108,333 |
| **Total** | **12,425,005** | **10,266,324** | **11,409,098** | **9,072,812** |

### 10.22. Other operating income/expenditure

Other operating income/expenditure of the Group and of the Company is analyzed as follows:

| **Income** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **1/1 - 31/12/2019** | **1/1 - 31/12/2018** | **1/1 - 31/12/2019** | **1/1 - 31/12/2018** |
| Income from Subsidies | 0 | 0 | | |
| Return of Tariffs & Taxes | 613,641 | 636,444 | 613,641 | 636,444 |
| Earnings of Foreign Exchange Differences | 1,761 | 9,998 | 1,761 | 9,998 |
| Rental income | 0 | 0 | 0 | 0 |

| | | | | |
|---|---|---|---|---|
| Revenue from corresponding depreciation | 593.385 | 601,198 | 50.457 | 58,270 |
| Profits from the sale of fixed assets | 124.335 | 7,475 | 68.145 | 7,475 |
| Other | 244.787 | 313,788 | 44.849 | 211,522 |
| **Total** | **1,577,909** | **1,568,903** | **778,853** | **923,709** |

| **Expenditure** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **1/1 - 31/12/2019** | **1/1 - 31/12/2018** | **1/1 - 31/12/2019** | **1/1 - 31/12/2018** |
| Foreign exchange losses | 2,507 | 12,871 | 2,507 | 4,316 |
| Impairment for doubtful debts | 750,000 | 744,700 | 600,000 | 444,700 |
| Impairment for other debts | 0 | 0 | 0 | 0 |
| Prior period expenditure | 14,842 | 44,966 | 11,221 | 40,505 |
| Other | 285,078 | 97,491 | 239,119 | 90,658 |
| **Total** | **1,052,427** | **900,027** | **852,847** | **580,178** |

## 10.23. Financial income/expenditure

The financial income/expenditure of the Group and of the Company is analyzed as follows:

| **Financial Income from:** | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **31/12/2019** | **31/12/2018** | **31/12/2019** | **31/12/2018** |
| Interest on Treasury Bills | 0 | 0 | 0 | 0 |
| Other Credit Interest | 114 | 2,331 | 90 | 2,330 |
| Other capital gains | 0 | 0 | 0 | 0 |
| **Total** | **114** | **2,331** | **90** | **2,330** |

| **Financial Expenses from:** | **Ο ΟΜΙΛΟΣ** | | **Η ΕΤΑΙΡΙΑ** | |
|---|---|---|---|---|
| | **31/12/2019** | **31/12/2018** | **31/12/2019** | **31/12/2018** |
| Bank loans & overdrafts | 1,590,550 | 1,278,835 | 1,332,664 | 1,012,791 |
| Bank Guarantees Commissions | 12,395 | 9,658 | 12,395 | 9,658 |
| Other Bank Expenditure | 211,834 | 337,263 | 285,466 | 296,633 |
| Other Finance Expenditure | 0 | 10,521 | =0 | 10,521 |
| **Total** | **1,815,448** | **1,636,278** | **1,630,525** | **1,329,603** |

## 10.24. Other financial results

The other financial results of the Group and the Company are analyzed as follows:

| | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **31/12/2019** | **31/12/2018** | **31/12/2019** | **31/12/2018** |
| Impairment of participation value | 0 | 0 | (1,170,000) | 0 |
| Valuation of derivatives of Shares and Warrants | 54,335 | (35,158) | 54,335 | (35,158) |
| **Total** | **54,335** | **(35,158)** | **(1,115,665)** | **(35,158)** |

### 10.25. Profit/loss from related companies

The results of investment activity of the Group and of the Company are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Profit / (Loss) from related companies (Latirus Ltd) | 0 | (896,482) | 0 | 0 |
| **Total** | **0** | **(896,482)** | **0** | **0** |

### 10.26. Income tax

The income tax of the Group and of the Company is analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Tax for the period | 1,828,119 | 5,977,190 | 1,804,036 | 5,861,893 |
| Deferred tax for the period | 466,121 | 499,029 | (105,392) | 109,668 |
| Deferred tax for the period due to a change in tax rate | (223,330) | (957,503) | (68,166) | 449,883 |
| Other taxes not incorporated in the operating Cost | 89,558 | 73,497 | 46,530 | 40,143 |
| **TOTAL** | **2,160,469** | **5,592,213** | **1,677,007** | **6,461,587** |

The current tax rate in Greece in 2018 was 29%. According to Article 23 of Law 4579/2018, the tax rates of profits from business activity of legal entities were expected to be gradually reduced as follows: 27% for the tax year 2020, 26% for the tax year 2021 and 25% for tax year 2022 onwards. On 12/12/2019, the new tax law 4646/2019 was passed, where according to article 22, the tax rate is now set at 24% for the income of the tax year 2019 onwards.

The agreement between the amount of income tax and the amount resulting from the application of the current income tax rate of the Company in Greece (2019: 24%, 2018: 29%) on the results before taxes, is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1/1 - 31/12/2019 | 1/1 - 31/12/2018 | 1/1 - 31/12/2019 | 1/1 - 31/12/2018 |
| **Profit/ (loss) before income tax** | **5,962,556** | **22,210,118** | **6,044,166** | **18,509,391** |
| Income tax calculated using the current tax rate 24% | 1,431,013 | 6,440,934 | 1,450,600 | 5,367,724 |
| **Usage adjustments for non-taxable income** | | | | |
| - Offsetting tax losses carried forward from previous years | | (131,488) | | |
| - Untaxed revenue | | (44,004) | | (44,004) |
| - Negative goodwill from acquiring relatives | | (1,263,316) | | |
| **Adjustments for use for non-deductible expenses for tax purposes** | | | | |
| - Tax effect of non-deductible expenses for tax purposes | 255,127 | 236,519 | 233,147 | 220,701 |

| | | | | |
|---|---|---|---|---|
| '- Loss of related by the method of equity | | 259,979 | | |
| - Tax effect of impairment for which no deferred tax asset has been recognized | 697,810 | 556,686 | | |
| - Adjustment of deferred tax from change in tax rate | (223,330) | (957,503) | (68,166) | 449,883 |
| - Other taxes not incorporated in operating costs | 89,558 | 73,497 | 46,530 | 40,143 |
| - Tax effect of treasury shares | | 132,654 | | 132,654 |
| - Other | (89,710) | 288,256 | 14,897 | 294,488 |
| **Income taxes shown in the income statement** | **2,160,469** | **5,592,214** | **1,677,007** | **6,461,589** |

## 10.27. Earnings per share

The Earnings per share of the Group and of the Company are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2019** | **31/12/2018** | **31/12/2019** | **31/12/2018** |
| Number of shares | 114,320,400 | 28,580,100 | 114,320,400 | 28,580,100 |
| Less: Number of shares of parent | (489,916) | (122,479) | (489,916) | (122,479) |
| **Total shares** | **113,830,484** | **28,457,621** | **113,830,484** | **28,457,621** |
| **Profits corresponding to the parent's Shareholders** | **3,797,358** | **16,633,355** | **4,367,159** | **12,047,803** |
| Weighted average number of shares in circulation | 113,830,484 | 113,676,674 | 113,830,484 | 113,676,674 |
| **Basic profit per share (Euro per share)** | **0,0344** | **0,1463** | **0,0384** | **0,1066** |

The weighted number of shares of the comparative period has been adjusted as during the fiscal year the nominal value of the share was reduced. A more detailed report in Note 10.12.

## 10.28 Financial assets and liabilities

The fair values of all the Group's and Company's financial products that are depicted in the financial statements do not differ from the carrying amounts. Below is an analysis of the financial assets and liabilities of the Group and the Company, other than cash and cash equivalents:

**GROUP**

**31/12/2019**

| **Financial assets** | **Debt instruments valued at amortized cost** | **Equity instruments valued at fair value through profit or loss** | **Total** |
|---|---|---|---|
| Other long-term claims | 55,426 | 0 | **55,426** |
| Costumers | 6,375,559 | 0 | **6,375,559** |
| Other receivables and advances | 8,171,081 | 0 | **8,171,081** |
| Listed other financial assets | 0 | 72,863 | **72,863** |
| **Total** | **14,602,066** | **72,863** | **14,674,929** |
| Long term | 55,426 | 0 | **55,426** |
| Short term | 14,546,640 | 72,863 | **14,619,503** |
| **Total** | **14,602,066** | **72,863** | **14,674,929** |

**GROUP**

**31/12/2018**

| **Financial assets** | **Debt instruments valued at amortized cost** | **Equity instruments valued at fair value through profit or loss** | **Total** |
|---|---|---|---|
| Other long-term claims | 58,781 | 0 | **58,781** |
| Costumers | 7,261,978 | 0 | **7,261,978** |
| Other receivables and advances | 7,140,884 | 0 | **7,140,884** |
| Listed other financial assets | 0 | 18,528 | **18,528** |
| **Total** | **14,461,643** | **18,528** | **14,480,170** |
| Long term | 58,781 | 0 | **58,781** |
| Short term | 14,402,861 | 18,528 | **14,421,389** |
| **Total** | **14,461,643** | **18,528** | **14,480,170** |

**COMPANY**

**31/12/2019**

| **Financial assets** | **Debt instruments valued at amortized cost** | **Equity instruments valued at fair value through profit or loss** | **Total** |
|---|---|---|---|
| Other long-term claims | 35,726 | 0 | **35,726** |
| Costumers | 7,459,188 | 0 | **7,459,188** |
| Other receivables and advances | 7,134,321 | 0 | **7,134,321** |
| Listed other financial assets | 0 | 72,863 | **72,863** |
| **Total** | **14,629,235** | **72,863** | **14,702,097** |
| Long term | 35,726 | 0 | **35,726** |
| Short term | 14,593,508 | 72,863 | **14,629,235** |
| **Total** | **14,629,235** | **72,863** | **14,702,097** |

**COMPANY**

**31/12/2018**

| Financial assets | Debt instruments valued at amortized cost | Equity instruments valued at fair value through profit or loss | Total |
|---|---|---|---|
| Other long-term claims | 34,764 | 0 | **34,764** |
| Costumers | 7,364,905 | 0 | **7,364,905** |
| Other receivables and advances | 8,308,584 | 0 | **8,308,584** |
| Listed other financial assets | 0 | 18,528 | **18,528** |
| **Total** | **15,708,254** | **18,528** | **15,726,781** |
| Long term | 34,764 | 0 | **34,764** |
| Short term | 15,673,490 | 18,528 | **15,692,017** |
| **Total** | **15,708,254** | **18,528** | **15,726,781** |

**GROUP**
**31/12/2019**

| Financial liabilities | Financial liabilities measured at amortized cost | Financial liabilities measured at fair value through profit or loss | Total |
|---|---|---|---|
| Suppliers | 8,132,934 | 0 | **8,132,934** |
| Other liabilities | 5,869,981 | 0 | **5,869,981** |
| Borrowing and finance leases | 42,162,466 | 0 | **42,162,466** |
| **Total** | **56,165,381** | **0** | **56,165,381** |
| Long term | 18,217,658 | 0 | **18,217,658** |
| Short term | 37,947,724 | 0 | 37,947,724 |
| **Total** | **56,165,381** | **0** | **56,165,381** |

**GROUP**
**31/12/2018**

| Financial liabilities | Financial liabilities measured at amortized cost | Financial liabilities measured at fair value through profit or loss | Total |
|---|---|---|---|
| Suppliers | 10,694,287 | 0 | **10,694,287** |
| Other liabilities | 4,139,736 | 0 | **4,139,736** |
| Borrowing and finance leases | 35,017,407 | 0 | **35,017,407** |
| **Total** | **49,851,430** | **0** | **49,851,430** |
| Long term | 20,083,701 | 0 | **20,083,701** |
| Short term | 29,767,729 | 0 | **29,767,729** |
| **Total** | **49,851,430** | **0** | **49,851,430** |

**COMPANY**
**31/12/2019**

| Financial liabilities | Financial liabilities measured at amortized cost | Financial liabilities measured at fair value through profit or loss | Total |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Suppliers | 7,100,945 | 0 | **7,100,945** |
| Other liabilities | 6,150,597 | 0 | **6,150,597** |
| Borrowing and finance leases | 37,918,696 | 0 | **37,918,696** |
| **Total** | **51,170,237** | **0** | **51,170,237** |
| Long term | 15,904,322 | 0 | **15,904,322** |
| Short term | 35,265,916 | 0 | **35,265,916** |
| **Total** | **51,170,237** | **0** | **51,170,237** |

**COMPANY**

**31/12/2018**

| **Financial liabilities** | **Financial liabilities measured at amortized cost** | **Financial liabilities measured at fair value through profit or loss** | **Total** |
|---|---|---|---|
| Suppliers | 9,505,682 | 0 | **9,505,682** |
| Other liabilities | 4,490,281 | 0 | **4,490,281** |
| Borrowing and finance leases | 30,616,346 | 0 | **30,616,346** |
| **Total** | **44,612,310** | **0** | **44,612,310** |
| Long term | 16,613,699 | 0 | **16,613,699** |
| Short term | 27,998,611 | 0 | **27,998,611** |
| **Total** | **44,612,310** | **0** | **44,612,310** |

## Fair value of financial instruments

## Fair Value Hierarchy

The Group uses the following hierarchy to determine and disclose the fair value of financial instruments using a valuation technique:

Level 1: negotiable prices in active markets for similar assets or liabilities

Level 2: valuation techniques for which all inputs that have a material effect on the fair value recorded are observable either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value and are not based on observable market data

The following tables illustrate the financial assets and liabilities measured at fair value at 31 December 2019.

| | **GROUP / COMPANY** | | |
|---|---|---|---|
| **Financial instruments valued at fair value:** | **Valuation at Fair Value at the end of the reporting period using:** | | |
| **Description** | **31/12/2019** | **Level 1** | **Level 2** |
| Financial assets valued at fair value through the income statement | | | |
| - Shares | 72,863 | 72,863 | |
| Financial assets available for sale | | | |
| **Total** | **72,863** | **72,863** | **0** |

**Capital management policies and procedures**

The objectives of the Group and of the Company as regards capital management are the following:

- to ensure the Company's continuous smooth operation of its business activities and
- to provide satisfactory returns to the shareholders by invoicing services according to their cost and ensuring capital restructuring,
- to ensure the maintenance of healthy capital ratios.

The Company monitors the capital management on the basis of the following ratio which is based on indicators as these are presented in the Statement of Financial Position.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| Loans | 42,162,466 | 35,017,407 | 37,918,696 | 30,616,346 |
| Less: Cash in hand | (1,584,248) | (1,869,531) | (1,446,133) | (1,643,977) |
| **Net borrowing** | **40,578,218** | **33,147,876** | **36,472,562** | **28,972,369** |
| Total Equity | 46,692,687 | 47,259,211 | 43,877,358 | 43,877,661 |
| **Leverage ratio** | **0,8690** | **0,7014** | **0,8312** | **0,6603** |

**Liabilities arising from Financing Activities**

Under IAS 7, non-cash changes for which there is no obligation to disclose Cash Flows are presented below:

| GROUP | Long-term loans | Long-term liabilities payable for the next financial year | Short-term loans | Total |
|---|---|---|---|---|
| **1 January 2019** | **19,304,533** | **1,786,475** | **12,612,770** | **33,703,778** |
| **Cash flows :** | | | | |
| - Repayments | | -2,093,505 | | **--2,093,505** |
| - Proceeds | | | 7,908,340 | **7,908,340** |
| **Non-Cash movements:** | -2,696,697 | 2,855,503 | -316,096 | -157,290 |
| **December 31, 2019** | **16,607,836** | 2,548,473 | 20,205,014 | 39,361,323 |

| GROUP | Long-term loans | Long-term liabilities payable for the next financial year | Short-term loans | Total |
|---|---|---|---|---|
| **1 January 2018** | **7,586,127** | **2,389,182** | **7,401,687** | **17,376,996** |
| **Cash flows :** | | | | |
| - Repayments | | -2,389,182 | | **-2,389,182** |
| - Proceeds | 14,000,000 | | 3,587,889 | **17,587,889** |
| **Non-Cash movements:** | -2,281,595 | 1,786,475 | 1,623,194 | **1,128,074** |
| **December 31, 2018** | **19,304,533** | **1,786,475** | **12,612,770** | **33,703,778** |

## 10.29. Fair value of non-financial instruments

Investment property is measured at fair value. The fair value of the property was calculated by an independent appraisal firm with sufficient experience, which determined the value of the property by following internationally recognized valuation methods.

The following tables show the levels of non-financial assets measured at fair values at 31 December 2019 and 31 December 2017 respectively.

| Non-financial instruments at fair value at 31/12/2019: | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| **Description** | **Level 1** | **Level 2** | **Level 3** | **Level 1** | **Level 2** | **Level 3** |
| Real estate investments | | | 28,856,406 | | | 55,851 |
| **Total** | **0** | **0** | **28,856,406** | **0** | **0** | **55,851** |

| Non-financial instruments at fair value at 31/12/2018: | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| **Description** | **Level 1** | **Level 2** | **Level 3** | **Level 1** | **Level 2** | **Level 3** |
| real estate investments | | | 28,835,851 | | | 55,851 |
| **Total** | **0** | **0** | **28,835,851** | **0** | **0** | **55,851** |

The discounted cash flow method was used to calculate the fair value of the plots. The discounted cash flow (DCF) method takes into account the timing, frequency and amount of future cash flows expected to produce the property using discount rates that reflect the current market estimate of uncertainty about height and timing the occurrence of these cash flows. For the application of cash flow discounting techniques, assumptions that establish estimates for fair value are used and are related to: expected future income, completeness, seasons, construction costs, maintenance obligations, and appropriate discount rates

Indicative for the valuation of investment properties, key assumptions based on non-observable data and used are summarized in the table below:

| | 31/12/2018 |
|---|---|
| **Assumptions** | |
| Value per m2 | € 2,68/μ² - € 55,88/μ² |
| Discount rate | 11,50% |

### 10.30 Contingent liabilities - liabilities

There are no legal or subject to arbitration differences before judicial or arbitration bodies which significantly affect the financial position or operation of the Group.

The unaudited tax years of the companies of the Groups are as follows:

| CORPORATE NAME | REGISTERED OFFICE | UNAUDITED TAX YEARS |
|---|---|---|
| IKTINOS HELLAS S.A | 7 Lykovryssis Str., Metamorfossi, Attica | - |
| FEIDIAS HELLAS S.A. | Τήνου 12A Tinou Str., Vrilissia, Attica | 2010 |
| KALLITECHNOKRATIS LTD. | 7 Lykovryssis Str., Metamorfossi, Attica | ΥΠΟ ΕΚΚΑΘΑΡΙΣΗ |
| IKTINOS MARMARON S.A. | 112 Kifisias Avenue-Maroussi | 2015 |
| IDEH S.A. | 11 Aischylou and Agion Anargyron Str. , Drama | 2010 |
| AIOLIKI MEGA ISOMA S.A. | 7 Lykovryssis Str., Metamorfossi, Attica | 2014-2019 |
| AIOLIKI MAVROLITHARO S.A. | 7 Lykovryssis Str., Metamorfossi, Attica | 2011-2012 & 2014-2019 |
| AIOLIKI LYKOFOLIA S.A. | 7 Lykovryssis Str., Metamorfossi, Attica | 2011-2012 & 2014-2019 |
| AIOLIKI SYNORA S.A. | 7 Lykovryssis Str., Metamorfossi, Attica | 2014-2019 |
| IKTINOS TECHNIKI & TOURISTIKI S.A. | 7 Lykovryssis Str., Metamorfossi, Attica | 2010-2019 |
| LATIRUS LTD. | 11 Florinis Str.-Nicosia | 2006-2019 |

For the years 2011-2013, Greek Societies whose annual financial statements are compulsorily audited are required to receive the "Annual Certificate" provided for in paragraph 5 of article 82 of Law 2238/1994, which is issued after tax audit carried out by the same statutory auditor or audit firm that controls the annual financial statements. From 2014 onwards, the above Hellenic Societe Anonyme, except for which the basis of POL.1124 / 2015 is exempt from the annual certificate by statutory auditors provided by the provisions of Article 65A of Law 4174/2013 as gross income of each one does not exceed the amount of one hundred fifty thousand Euro per year, they are obliged to receive an "Annual Certificate" provided by the provisions of article 65A par. 1 of Law 4174/20. The result of the above checks leads to the issuance of a tax certificate, which, if the relevant conditions are met, substitutes for the control by the public authority, but retains the right to a subsequent control without ending its tax obligations for the respective management. Since the 2016 use of recent legislation, this test has become optional. The Group has chosen to continue to receive the Annual Certificate for companies that meet the criteria of POL 1124/2015. For the fiscal year 2019, the tax audit for the issue of the "Tax Compliance Report" for the Company and its subsidiaries IKTINOS MARMARON SA, FEDIAS HELLAS SA is already in progress. and IDEH SA, and no significant tax liabilities other than those recorded and reflected in the financial statements are expected to arise.

### 10.31. Transactions with related parties

The amounts of purchases and sales of the company to and from related parties as these are specified in IAS 24, cumulatively from the beginning of the current period 1/1 – 31/12/2018 and 1/1-31/12/2017, as well as the outstanding balances of assets and liabilities of the above companies on 31/12/2019 and 31/12/2018 are analyzed below:

The receivables / payables and fees of the Group's administrative and management personnel for the years ended December 31, 2019 and 2018 are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **31/12/2019** | **31/12/2018** | **31/12/2019** | **31/12/2018** |
| **Sales of goods / services** | | | | |
| Subsidiaries | - | - | 588,821 | 972,099 |
| Other Related Parties | - | | | |
| **Total** | **-** | **-** | **972,099** | **972,099** |
| **Other Income / Expenses** | | | | |
| Subsidiaries | - | - | 79,720 | 73,750 |
| Other Related Parties | - | - | 0 | 0 |
| **Total** | **-** | **0** | **73,750** | **73,750** |
| **Purchases of Goods / Services** | | | | |
| Subsidiaries | - | - | 860,768 | 1,076,153 |
| **Total** | **0** | **-** | **1,076,153** | **1,076,153** |
| | **31/12/2019** | **31/12/2018** | **31/12/2019** | **31/12/2018** |
| **Requirements** | | | | |
| Subsidiaries | - | - | 2,671,860 | 3,725,737 |
| Other Related Parties | 11,994 | 10,488 | 11,994 | 10,488 |
| **Total** | **11,994** | **10,488** | **2,683,854** | **3,736,224** |
| **Liabilities** | | | | |

| | | | | |
|---|---|---|---|---|
| Subsidiaries | - | - | 677,648 | 528,072 |
| Other Related Parties | - | - | - | - |
| **Total** | **-** | **0** | **528,072** | **528,072** |

| | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Remuneration to Board members and other directors | 1,259,015 | 1,553,018 |
| Sales to Board members and other directors | 18,121 | 433,584 |
| Claims from BoD members and other executives | 95,424 | 73,827 |
| Obligations of Board members and other directors | 2,528,405 | 437,788 |

## 10.32. Dividends

Regarding the dividend distribution, the Management of the company has decided not to distribute a dividend for the fiscal year 2019.

## 10.33. Number of employees

The Number of employees engaged by the Group and the Company is analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2019 | 31/12/2018 | 31/12/2019 | 31/12/2018 |
| On a salary | 165 | 165 | 149 | 147 |
| On a daily wage | 290 | 280 | 277 | 266 |
| Total | **455** | **445** | **426** | **413** |

## 10.34. Website where the financial reports of the group are uploaded

The annual financial statement of the parent company IKTINOS HELLAS S.A., as well as of its subsidiaries are uploaded at the following web addresses:

| **Επωνυμία** | **Διευθύνση διαδικτύου** |
|---|---|
| IKTINOS HELLAS S.A. | iktinos.gr |
| FEIDIAS HELLAS S.A. | fidiashellas.gr |
| PRIVATE POWER CORPORATION S.A. | idei.gr |
| AIOLIKI MEGA ISOMA POWER PRODUCTION SOCIETE ANONYME | aiolikimegaisoma.gr |
| AIOLIKI MAVROLITHARO POWER PRODUCTION SOCIETE ANONYME | aiolikimavrolitharo.gr |
| AIOLIKI LYKOFOLIA POWER PRODUCTION SOCIETE ANONYME | aiolikilikofolia.gr |
| AIOLIKI SYNORA POWER PRODCUTION SOCIETE ANONYME | aiolikisinora.gr |

## 10.34. Events subsequent to the balance sheet date

The outbreak of the new coronavirus (COVID-19), which was declared a pandemic by the World Health Organization in March 2020, has affected business and economic activity around the world, including in countries where the company operates. On 13.03.2020, the Greek Government issued its decision to impose a temporary suspension of the operation of a series of stores and other activities, but without affecting the operation of the company.

The company has taken all appropriate measures for the protection and prevention from the coronavirus and the prevention and control of its spread, with the aim of protecting employees and safeguarding public health in general. The measures taken are in accordance with the guidelines and recommendations of the National Public Health Organization (NPHO), the General Secretariat for Civil Protection (GSCP) and the World Health Organization (WHO).

The company did not make any redundancies, nor did it put staff on a temporary availability or reduce working hours. All employees worked normally, either by working remotely from home or by office presence. Technical staff who belong to vulnerable groups, were granted a special purpose leave.

For such a highly exported product, such as the Greek marble, the impact of the global crisis is a source of risk, and is expected to affect the turnover of 2020. China is no longer at the heart of the pandemic as it was in the first quarter of 2020; however, this does not mean that business in the country is running smoothly as factories are recovering at the moment. The company had a 24% turnover increase for the first 45 days of 2020. But since the spread of COVID-19 there has been a 40% drop in turnover, resulting in a 22% turnover decline in the first quarter of 2020. It is noted that 96% of the sales of IKTINOS HELLAS SA is directed to overseas markets, while over 50% of exports is directed to China. The US, the Arab Gulf countries and Europe also have a significant share of the company's exports. Consequently, the movement of the pandemic to these countries is changing the situation for the company, presently for an unknown period.

The recovery of the market will be gradual and the first months of operation after the lift of the restrictive measures, will show reduced sales compared to the corresponding months of previous years. Recovery is expected in the second half of 2020.

The Company's Management constantly evaluates the situation and the possible effects, and takes all necessary measures to maintain the viability of the Company and its subsidiaries and minimize the impact on their activities in the current business and economic environment. In any case, there are no concerns regarding the continuation of the activities of the Company and the Group. The company currently has the cash and appropriate financial instruments - financing flows from the banking system and is able to maintain jobs and cope with the global crisis.

The environment at the moment does not allow us to make particularly secure predictions about the future as it is unknown when the situation will return to normal pace.

The Group's Management is optimistic about the development of sales as things look quite encouraging judging from the commercial agreements that are being negotiated and from those that have already been concluded and are in the process of implementation.

In addition to the above facts, there are no further facts on the financial statements relating to either the Group or the Company referred to in the International Financial Reporting Standards.

During the Extraordinary General Meeting of the shareholders of the company that convened on 29/1/2020, it was decided to distribute profits of previous years in the amount of 0.02 Euro per share. The corresponding tax of 5% is withheld from this amount, in accordance with the provisions of article 24 of Law 4646/2019 and therefore the total amount of the payable dividend per share will amount to 0.019 Euro.

The company owns equity and according to the current legislation, the dividend corresponding to the 489,916 shares held by the Company, increases the dividend of the other shares and therefore the total gross amount per share will be 0.02 Euro and the net amount will be 0.019 Euro per share.

The cutting-off took place on Monday, 23rd March 2020 and the beneficiaries of the dividend (record date) are the shareholders at the end of the meeting of the Athens Stock Exchange on Tuesday, 24th March 2020 and the payment of the dividend was to begin on Friday, 27th March 2020.

The company reached an agreement with the company MARMARA THASOU IOANNIS TATSIRAMOS & CO EBE, for a contractor exploitation of a marble quarry of approximately 46 acres in Thassos, with the right of acquisition until the end of the year. This quarry produces the snow-white crystal marble of Thassos, which is in very high demand in foreign markets. Drilling made by the company indicated the existence of significant deposits, which will be confirmed when mining takes place.

Apart from the above mentioned events, there are no other events subsequent to the financial statements, which concern either the Group or the Company, to which reference is made by the International Financial Reporting Standards.

**Metamorfossi Attica, 30 May 2020**

| Chairman of the BoD<br>& Managing Director (CEO) | Vice-Chairwoman | Financial Director |
|---|---|---|
| Evangelos Chaidas<br>ID Card No. AE 079957 | Ioulia Chaida<br>ID Card No. Ξ 371470 | Peristeris Katsikakis<br>ID Card No.X 630853 |