



KRI-KRI MILK INDUSTRY S.A.

General Commercial Registry No.: 113772252000

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD

1.1.2020 – 30.9.2020

IN ACCORDANCE WITH IFRS (IAS 34)

(TRANSLATION FROM THE GREEK ORIGINAL)

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Condensed Statement of Comprehensive Income

	Note.	1/1-30/9/2020	1/1-30/9/2019
Sales	C1	102.748.550	92.940.943
Cost of sales		(67.580.397)	(58.163.872)
Gross profit	C1	35.168.153	34.777.071
Distribution expenses	C1	(14.341.322)	(15.491.812)
Administration expenses		(2.627.919)	(2.245.569)
Research and development expenses		(198.631)	(179.001)
Other income		583.050	605.415
Other (loss) / gain net		85.901	6.471
Profit before taxes, financial and investment income	C1	18.669.232	17.472.575
Financial income	C3	83.473	128.189
Financial expenses	C3	(207.555)	(283.620)
Financial cost of leasing	C3	(20.837)	(26.109)
Financial expenses (net)		(144.919)	(181.540)
Profit before taxes		18.524.313	17.291.035
Income tax	C4	(4.495.049)	(4.842.395)
Net profit for the period (A)		14.029.264	12.448.640
Other comprehensive income			
OCI recycled to P&L			
Cash flow hedges		0	(1.529)
Other comprehensive income after tax (B)		0	(1.529)
Total comprehensive income after tax (A + B)		14.029.264	12.447.111
Net profit per share from continuous operations			
- Basic and diluted (in €)		0,4243	0,3765

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

Condensed Statement of Financial Position

	Note	<u>30/9/2020</u>	<u>31/12/2019</u>
ASSETS			
Non-current assets			
Tangible assets	C5	63.197.987	57.418.896
Rights of use of assets	C6	476.338	578.592
Investment in properties		10.082	10.082
Intangible assets		429.822	480.025
Other non-current assets		68.288	64.306
		64.182.517	58.551.901
Current assets			
Inventories	C7	12.040.583	10.346.210
Trade and other receivables	C8	30.433.116	26.244.962
Current income tax receivables		0	1.167.828
Investments in financial assets		282.793	110.940
Cash and cash equivalents		6.219.036	10.916.735
		48.975.528	48.786.675
Total assets		113.158.045	107.338.576
EQUITY AND LIABILITIES			
Equity			
Share capital		12.564.752	12.564.752
Reserves		22.437.778	20.575.835
Retained earnings		39.181.430	32.965.833
Total equity		74.183.960	66.106.420
Liabilities			
Non-current liabilities			
Long term borrowings	C9	4.930.000	10.030.000
Long term portion of leasing		297.168	353.580
Accrued pension and retirement obligations		646.976	599.942
Deferred tax liabilities		3.149.679	2.924.045
Government grants		6.439.969	6.780.583
		15.463.792	20.688.150
Current liabilities			
Short-term borrowings	C9	999.857	2.192.565
Short term portion of leasing		192.941	238.089
Trade and other payables	C10	20.047.150	18.113.352
Current income tax liabilities		2.270.345	0
		23.510.293	20.544.006
Total liabilities		38.974.085	41.232.156
Total equity and liabilities		113.158.045	107.338.576

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

Condensed Statement of changes in equity

	Share capital	General reserve	Special reserves	Other reserves	Actuarial gains-losses reserve	Cash flow hedge reserve	Retained earnings	Total Equity
Balance at 31.12.2018	12.564.752	2.550.434	17.295.670	38.275	(32.532)	0	23.414.438	55.831.037
Profit for the period							12.448.640	12.448.640
Reserves increase						(1.529)		(1.529)
Total comprehensive income for the period						(1.529)	12.448.640	12.447.111
Reserves increase		505.521					(505.521)	0
Transactions with owners in their capacity as owners								
Dividends provided for or paid							(4.959.770)	(4.959.770)
Balance at 30.09.2019	12.564.752	3.055.955	17.295.670	38.275	(32.532)	(1.529)	30.397.787	63.318.377
Balance at 31.12.2019	12.564.752	3.055.955	17.295.670	38.275	185.936	0	32.965.833	66.106.420
Profit for the period							14.029.264	14.029.264
Total comprehensive income for the period							14.029.264	14.029.264
Reserves increase		668.742	1.193.200				(1.861.942)	0
Transactions with owners in their capacity as owners								
Dividends provided for or paid							(5.951.724)	(5.951.724)
Balance at 30.09.2020	12.564.752	3.724.697	18.488.870	38.275	185.936	0	39.181.430	74.183.960

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

Condensed Statement of cash flows

<i>Indirect method</i>	<u>1/1-30/9/2020</u>	<u>1/1-30/9/2019</u>
OPERATING ACTIVITIES		
Profit before taxes	18.524.313	17.291.035
Adjustments for:		
Depreciation	3.046.946	2.817.439
Provisions	503.380	334.303
Foreign exchange differences, net	5.953	36.096
Amortization of government grants relating to capital expenses	(340.614)	(370.620)
Miscellaneous items	0	(10.494)
Investment income	(93.384)	(186.503)
Interest and related expenses	221.448	291.025
	<u>21.868.042</u>	<u>20.202.282</u>
Changes in working capital:		
Decrease / (Increase) in inventories	(1.744.150)	(528.011)
Decrease / (Increase) in receivables	(4.506.485)	(10.971.823)
Decrease / (Increase) in other long-term receivables	(608.097)	(167.898)
(Decrease) / Increase in payables (except banks)	1.311.445	6.263.539
Less:		
Interest and related expenses paid	(211.240)	(291.025)
Taxes paid	(1.180.373)	(2.438.640)
Cash flow from operating activities (a)	14.929.141	12.068.423
INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(8.496.840)	(10.855.238)
Proceeds from sales of intangibles and property, plant and equipment	1.048	88.545
Interest received	83.473	117.089
Purchases of financial instruments	(290.020)	(850.000)
Proceeds on disposal of financial instruments	118.432	764.572
Cash flow from investing activities (b)	(8.583.906)	(10.735.032)
FINANCING ACTIVITIES		
Proceeds from borrowings	0	4.230.000
Repayments of loans	(6.300.000)	(600.000)
Repayments of financial leases	(192.765)	(204.633)
Dividends paid to company's shareholders	(4.550.169)	(4.961.011)
Cash flow from financing activities (c)	(11.042.934)	(1.535.644)
Change in cash and equivalents (a+b+c)	(4.697.700)	(202.253)
Cash and equivalents at beginning of period	<u>10.916.735</u>	<u>14.278.310</u>
Cash and equivalents at end of period	6.219.036	14.076.057

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

A. General information

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

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

These financial statements have been approved by the Board of Directors on 24 November 2020.

The interim condensed financial statements have not been audited.

B. Significant accounting policies

B.1 Basis of preparation

These financial statements covering the period from 1.1.2020 to 30.9.2020 have been prepared according to IAS 34. The basis of their preparation is the historical cost and the "principle of going concern", taking into account all macroeconomic and microeconomic factors and their impact on the smooth operation of the Company.

The interim financial statements for the nine-month period have been prepared on the basis of the same accounting principles followed for the preparation and presentation of the financial statements for the year 2019, except for the new standards and interpretations adopted, the implementation of which was compulsory for periods after 1 January 2020.

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019, which have been posted on the Company's website and have been prepared in accordance with IFRSs.

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

New standards, amendments to standards and interpretations:

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after 1.1.2020. The Company's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), are adopted by the European Union, and their application is mandatory from or after 01/01/2020.

Revision of the Conceptual Framework for Financial Reporting (effective for annual periods starting on or after 01/01/2020)

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Conceptual Framework), the objective of which was to incorporate some important issues that were not covered, as well as update and clarify some guidance that was unclear or out of date. The revised Conceptual Framework includes a new chapter on measurement, which analyzes the concept on measurement, including factors to be considered when selecting a measurement basis, concepts on presentation and disclosure, and guidance on derecognition of assets and liabilities from financial statements. In addition, the revised Conceptual Framework includes improved definitions of an asset and a liability, guidance supporting these definitions, update of recognition criteria for assets and liabilities, as well as clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The amendments do not affect the Financial Statements.

Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods starting on or after 01/01/2020)

In March 2018, the IASB issued Amendments to References to the Conceptual Framework, following its revision. Some Standards include explicit references to previous versions of the Conceptual Framework. The objective of these amendments is to update those references so that they refer to the revised Conceptual Framework and to support transition to the revised Conceptual Framework. The amendments do not affect the Financial Statements.

Amendments to IAS 1 and IAS 8: "Definition of Material" (effective for annual periods starting on or after 01/01/2020)

In October 2018, the IASB issued amendments to its definition of material to make it easier for companies to make materiality judgements. The definition of material helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 and IAS 8. The amendments clarify the def-

inition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. The amendments do not affect the Financial Statements.

Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform" (effective for annual periods starting on or after 01/01/2020)

In September 2019, the IASB issued amendments to some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the Interest Rate Benchmark reform. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest – rate benchmarks such as interbank offered rates (IBORs). It requires companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments do not affect the Financial Statements.

Amendments to IFRS 3: "Definition of a Business" (effective for annual periods starting on or after 01/01/2020)

In October 2018, the IASB issued narrow-scope amendments to IFRS 3 to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. The amendments do not affect the Financial Statements.

New Standards, Interpretations, Revisions and Amendments to existing Standards that have not been applied yet or have not been adopted by the European Union

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), but their application has not started yet or they have not been adopted by the European Union.

Amendments to IFRS 16 "Leases" Covid-19 – Related Rent Concessions (effective for annual periods starting on or after 01/06/2020)

In May 2020, the IASB issued amendments to IFRS 16 that provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification. More specifically, the amendments clarify that if certain conditions are met, lessees are not required to assess

whether particular Covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient, would account for those rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

Amendments to IFRS 4 "Insurance Contracts" – deferral of IFRS 9 (effective for annual periods starting on or after 01/01/2021)

In June 2020, the IASB issued amendments that declare deferral of the date of initial application of IFRS 17 by two years, to annual periods beginning on or after January 1, 2023. As a consequence, the IASB also extended the fixed expiry date for the temporary exemption from applying IFRS 9 "Financial Instruments" in IFRS 4 "Insurance Contracts", so that the entities are required to apply IFRS 9 for annual periods beginning on or after January 1, 2023. The Company does not expect to have any impact of the above on its Financial Statements. The above have not been adopted by the European Union.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: "Interest Rate Benchmark Reform – Phase 2" (effective for annual periods starting on or after 01/01/2021)

In August 2020, the IASB has finalized its response to the ongoing reform of IBOR and other interest benchmarks by issuing a package of amendments to IFRS Standards. The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. More specifically, the amendments relate to how a company will account for changes in the contractual cash flows of financial instruments, how it will account for a change in its hedging relationships as a result of the reform, as well as relevant information required to be disclosed. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

Amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and "Annual Improvements 2018-2020" (effective for annual periods starting on or after 01/01/2022)

In May 2020, the IASB issued a package of amendments which includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which

are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards. More specifically:

- Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.

- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

IFRS 17 "Insurance Contracts" (effective for annual periods starting on or after 01/01/2023)

In May 2017, the IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The aim of the project was to provide a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. A single principle-based standard would enhance comparability of financial reporting among entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. Furthermore, in June 2020, the IASB issued amendments, which do not affect the fundamental principles introduced when IFRS 17 has first been issued. The amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain, as well as ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying the Standard for the first time. The Company does not expect to have any impact of the above on its Financial Statements. The above have not been adopted by the European Union.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (effective for annual periods starting on or after 01/01/2023)

In January 2020, the IASB issued amendments to IAS 1 that affect requirements for the presentation of liabilities. Specifically, they clarify one of the criteria for classifying a liability as non-current, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments include: (a) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (b) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (c) clarifying how lending conditions affect classification; and (d) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. Furthermore, in July 2020, the IASB issued an amendment to defer by one year the effective date of the initially issued amendment to IAS 1, in response to the Covid-19 pandemic. The Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

B.2 Financial risk management

The interim financial statements do not include disclosure of all risks required in the preparation of the annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2019.

B.3 Macroeconomic risks in Greece and United Kingdom

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

The management has already prepared and fully implemented a plan to ensure employees safety and operational continuity. This plan also includes additional provisions for staff performing critical functions for production and business continuity in general, in order to minimize the risk of downtime. Also, business trips have been kept to a minimum and systems for remote work (teleworking) are applied where possible. Finally, emergency arrangements have been put in place for employees belonging to vulnerable groups and policies requiring staff to report any suspicious symptoms.

In addition to the ongoing management of operational risk due to the COVID-19 outbreak, we have also put in place an increased level of monitoring to ensure the financial position of the Company. The Company is in sound financial position, with high liquidity level. All these are important factors that mitigate the risk over the development of the pandemic. In addition, they allow the Company to continue implementing the planned CAPEX seamlessly.

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

Besides the effects of the COVID-19 pandemic, the Company is also assessing the possible effects of the UK's exit from the European Union (Brexit) and is taking measures to minimize them. Based on our analysis so far, Brexit is not expected to have a material negative impact on our activity. It is noted that sales to the United Kingdom, for the current fiscal year, amount to €18.8m, i.e. 18% of the total turnover of the Company

B.4 Significant accounting estimates and judgments of the management

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

For the preparation of the interim financial statements the significant judgments and estimates of the Management regarding the application of the Company's accounting principles are the same as those used for the preparation and presentation of the Company's annual financial statements for the year 2019.

Also, the main sources of uncertainty that existed in the preparation of the annual financial statements of 31 December 2019 remained the same for the interim financial statements as at 30 September 2020.

B.5 Comparative information

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

C. Notes to the financial statements

C1. Operating segment information

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

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

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

The segments results for the periods ended 30.9.2020 and 30.9.2019 are analyzed as follows:

1/1-30/9/2020	Sales	Gross profit	Distribution & selling expenses	Operating Earnings	EBIT
Ice-Cream	25.694.187	12.010.230	(5.414.534)	6.595.696	5.674.147
Greece	21.026.367	10.935.295	(4.992.075)	5.943.220	5.221.568
Other countries	4.667.820	1.074.935	(422.459)	652.476	452.580
Dairy-Yogurt	76.267.336	22.883.619	(8.883.218)	14.000.401	12.365.210
Greece	38.365.224	12.274.393	(5.428.184)	6.846.209	5.937.535
Other countries	37.902.112	10.609.226	(3.455.033)	7.154.192	6.427.675
Rest	787.027	274.304	(43.570)	230.734	629.875
Total	102.748.550	35.168.153	(14.341.322)	20.826.832	18.669.232
1/1-30/9/2019	Sales	Gross profit	Distribution & selling expenses	Operating Earnings	EBIT
Ice-cream	28.039.650	13.815.564	(6.747.233)	7.068.331	6.299.375
Greece	21.917.868	11.983.116	(6.008.202)	5.974.914	5.408.001
Other countries	6.121.782	1.832.448	(739.031)	1.093.417	891.374
Dairy-Yogurt	64.630.039	21.081.106	(8.703.435)	12.377.671	10.942.252
Greece	34.643.698	12.307.457	(5.760.851)	6.546.606	5.689.221
Other countries	29.986.341	8.773.649	(2.942.584)	5.831.065	5.253.031
Rest	271.253	(119.599)	(41.144)	(160.743)	230.948
Total	92.940.943	34.777.071	(15.491.812)	19.285.259	17.472.575

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

C2. Earnings before interest, taxes, depreciation and amortization

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

	<u>1/1-30/9/2020</u>	<u>1/1-30/9/2019</u>
Net profit for the period	14.029.264	12.448.640
Adjustments for:		
Income tax	4.495.049	4.842.395
Financial expenses (net)	144.919	181.540
Depreciation and amortization	<u>3.046.946</u>	<u>2.817.439</u>
EBITDA before government grants amortization	21.716.178	20.290.014
Amortization of government grants relating to capital expenses	(340.614)	(370.620)
EBITDA	<u>21.375.564</u>	<u>19.919.394</u>

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

C3. Financial income - expenses

Financial income-expenses are analyzed by type as follows:

	<u>1/1-30/9/2020</u>	<u>1/1-30/9/2019</u>
<u>FINANCIAL INCOME</u>		
Interest income	15.223	39.035
Other capital gains	65.690	54.464
Gains from financial instruments	2.560	34.690
Total financial income	83.473	128.189
<u>FINANCIAL EXPENSES</u>		
Interest expense	179.274	214.576
Bank fees and charges	28.281	55.681
Losses from financial instruments	0	13.363
Total financial expenses	207.555	283.621
<u>FINANCIAL COST OF LEASING</u>		
Financial cost of leasing	20.837	26.109
Financial income - expenses (net)	<u>(144.919)</u>	<u>(181.540)</u>

C4. Income tax expense

Income tax expense is analyzed as follows

	<u>1/1-30/9/2020</u>	<u>1/1-30/9/2019</u>
Current tax	4.269.415	4.571.563
Deferred tax	225.634	270.832
Total	<u>4.495.049</u>	<u>4.842.395</u>

The income tax was calculated at a 24% tax rate over taxable profits for the period

C5. Property, plant and equipment

Property, plant and equipment are analyzed as follows:

	Land	Buildings	Plant & equipment	Motor vehicles	Furniture & other Equipment	Total
COST						
Balance at 1 January 2019	1.509.927	12.675.863	58.343.466	1.355.291	2.437.948	76.322.495
Additions	78.982	3.303.006	12.039.593	11.520	187.713	15.620.814
Disposals	0	0	(259.113)	(93.221)	(14.052)	(366.386)
Write-offs	0	0	(173.191)	0	0	(173.191)
Balance at 31 December 2019	1.588.909	15.978.869	69.950.755	1.273.590	2.611.609	91.403.732
ACCUMULATED DEPRECIATION						
Balance at 1 January 2019		(3.522.739)	(24.824.045)	(1.028.529)	(1.722.897)	(31.098.210)
Depreciation expense		(383.746)	(2.770.118)	(77.692)	(142.741)	(3.374.297)
Disposals		0	255.747	44.685	14.052	314.484
Write-offs		0	173.187	0	0	173.187
Balance at 31 December 2019		(3.906.485)	(27.165.229)	(1.061.536)	(1.851.586)	(33.984.836)
Net book value at 31 December 2019	1.588.909	12.072.384	42.785.526	212.054	760.023	57.418.896
COST						
Balance at 1 January 2020	1.588.909	15.978.869	69.950.755	1.273.590	2.611.609	91.403.732
Additions	182.492	1.843.306	6.330.059	18.750	142.216	8.516.823
Disposals	0	0	(80.314)	(16.662)	0	(96.976)
Transportations	0	(60.396)	5.750	0	54.646	0
Write-offs	0	(63)	(134.452)	0	0	(134.515)
Balance at 30 September 2020	1.771.401	17.761.716	76.071.798	1.275.678	2.808.471	99.689.064
ACCUMULATED DEPRECIATION						
Balance at 1 January 2020		(3.906.485)	(27.165.229)	(1.061.536)	(1.851.586)	(33.984.836)
Depreciation expense		(317.233)	(2.256.241)	(49.190)	(115.000)	(2.737.664)
Disposals		0	80.309	16.662	0	96.971
Write-offs		0	134.452	0	0	134.452
Balance at 30 September 2020		(4.223.718)	(29.206.709)	(1.094.064)	(1.966.586)	(36.491.077)
Net book value at 30 September 2020	1.771.401	13.537.998	46.865.089	181.614	841.885	63.197.987

There are no pledges on fixed assets.

C6. Rights of use of assets

Right of use of assets are analyzed as follows:

	Buildings	Motor Vehicles	Total
COST			
Recognition at 1 January 2019 based on IFRS 16	218.496	548.839	767.335
Reductions / Write offs	12.625	55.602	68.227
Balance at 31 December 2019	231.121	604.441	835.562
ACCUMULATED DEPRECIATION			
Balance at 1 January 2019	0	0	0
Depreciation expense	(26.786)	(230.184)	(256.970)
Balance at 31 December 2019	(26.786)	(230.184)	(256.970)
Net book value at 31 December 2019	204.335	374.257	578.592

	Buildings	Motor Vehicles	Total
<u>COST</u>			
Balance at 1 January 2020	231.121	604.441	835.562
Additions	0	94.860	94.860
Balance at 30 September 2020	231.121	699.301	930.422
<u>ACCUMULATED DEPRECIATION</u>			
Balance at 1 January 2020	(26.786)	(230.184)	(256.970)
Depreciation expense	(20.950)	(176.164)	(197.114)
Balance at 30 September 2020	(47.736)	(406.348)	(454.084)
Net book value at 30 September 2020	183.385	292.953	476.338

C7. Inventories

Inventories are analyzed as follows:

	<u>30/9/2020</u>	<u>31/12/2019</u>
Merchandise	37.738	83.232
Finished goods	3.051.945	2.785.290
Raw materials	9.096.805	7.573.817
Less: Provisions for obsolete inventory	(145.906)	(96.129)
Total	12.040.583	10.346.210

The most significant changes in the line "Inventories" are found in the line "Raw materials". This increase mainly concerns the storage of raw materials so that the Company can meet the increased demand.

C8. Trade and other receivables

Trade and other receivables are analyzed as follows:

	<u>30/9/2020</u>	<u>31/12/2019</u>
Trade receivables	30.628.761	23.498.068
Less: Allowance for bad debts	(2.781.994)	(2.447.999)
	27.846.767	21.050.069
Creditors advances	50.416	248.718
VAT Receivables	2.240.160	4.492.022
Greek state -others	52.305	51.703
Other receivables	243.468	402.450
Total	30.433.116	26.244.962

The most significant changes of "Trade and other receivables" are found in the line "Trade receivables" that relate to the increase in sales and the high seasonality of the ice cream sector (see also note C12), and in the line "VAT Receivable", concerning the collection/offset of the VAT receivable.

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

For applying IFRS 9, the company uses a model to calculate expected credit losses. This model groups receivables according to the credit rating of each customer, links the rating to the probability of default and calculates the expected credit losses. Company recognized increased doubtful receivables of €333.995. At 30.09.2020 the Trade receivables totaling €2.781.994 appear impaired. It is estimated that a part of the provision for doubtful debts will be recovered in future time.

Provision analysis for doubtful accounts:

	<u>1/1-30/9/2020</u>	<u>1/1-31/12/2019</u>
Opening balance	2.447.999	2.784.524
Additions	333.995	9.844
Reversals	0	(346.369)
Ending balance	<u>2.781.994</u>	<u>2.447.999</u>

C9. Borrowings

Borrowings are analyzed as follows:

	<u>30/9/2020</u>	<u>31/12/2019</u>
<u>NON-CURRENT BORROWINGS</u>		
Bond loans	4.930.000	8.230.000
Long-term loans	0	1.800.000
Total non-current borrowings	<u>4.930.000</u>	<u>10.030.000</u>
<u>CURRENT BORROWINGS</u>		
Current liability of non-current loans	999.857	2.192.565
Total current borrowings	<u>999.857</u>	<u>2.192.565</u>
Total borrowings	<u>5.929.857</u>	<u>12.222.565</u>

Maturity of non-current bank borrowings:

	<u>30/9/2020</u>	<u>31/12/2019</u>
Between 1-2 years	2.230.000	2.200.000
Between 2-5 years	2.700.000	7.830.000
Total non-current borrowings	<u>4.930.000</u>	<u>10.030.000</u>

Changes on loans balances are analyzed as follows:

Balance at 1 January 2019	9.200.061
Loans paid (cash item)	4.230.000
Loans received (cash item)	(600.000)
Financial instruments valuation (non-cash item)	(8.965)
Balance at 30 September 2019	<u>12.821.096</u>
Balance at 1 January 2020	12.222.565
Loans paid (cash item)	(6.300.000)
Financial instruments valuation (non-cash item)	7.292
Balance at 30 September 2020	<u>5.929.857</u>

Analysis of current long-term loans:

Loan provider	Type of loan	Date of agreement	Initial value	Balance at 30/9/2020
Major shareholders	Bonds / 5year / fixed interest rate	18/12/2013 Amended 16/11/2018	5.000.000	2.700.000
Bank of Piraeus	Bonds / 5year / floating interest rate	10/4/2019	4.230.000	3.229.857

The fair value of long-term loans is calculated to €5.087.216 («Level 3»).

Effective interest rate of borrowings:

	<u>1/1-30/9/2020</u>	<u>1/1-31/12/2019</u>
Effective interest rate	<u>2,47%</u>	<u>2,59%</u>

C10. Trade and other payables

Trade and other payables are analyzed as follows:

	<u>30/9/2020</u>	<u>31/12/2019</u>
Trade payables	15.508.732	15.014.782
Cheques payables	249.734	425.033
Social security	218.567	409.502
Other Taxes and duties	499.395	316.092
Dividends payables	1.414.584	13.028
Customers' advances	664.699	794.608
Other payables	1.491.440	1.140.307
Total	<u>20.047.150</u>	<u>18.113.352</u>

C11. Dividends

For the financial year 2019, Annual General Meeting of 7/7/2020 decided the distribution of dividend of gross value €0,18 per share (2018: €0,15 per share). The payment of dividend was on 26/8/2020.

C12. Seasonality

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

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

C13. Contingent assets – liabilities

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

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

C14. Related party transactions

Related party transactions are analyzed as follows:

	<u>1/1-30/9/2020</u>	<u>1/1-30/9/2019</u>
Payment of interest on a bond loan*	<u>79.317</u>	<u>97.042</u>

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

	<u>30/9/2020</u>	<u>31/12/2019</u>
Payables to related parties*	<u>2.700.000</u>	<u>5.000.000</u>

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

<u>COMPENSATION OF DIRECTORS</u>	<u>1/1-30/9/2020</u>	<u>1/1-30/9/2019</u>
Remuneration of the members of the Board of Directors	382.071	366.602
Salaries of the members of the Board of Directors	90.735	78.775
Total	472.806	445.377

<u>OTHER TRANSACTIONS WITH THE MEMBERS OF THE B.O.D. AND KEY MANAGEMENT PERSONNEL</u>	<u>30/9/2020</u>	<u>30/9/2019</u>
Transactions with the members of the B.O.D and key management personnel	48.698	48.521
Liabilities to the members of the B.O.D and key management personnel*	2.500.000	2.866.602

* Bond loan covered by major shareholders

C15. Post balance sheet events

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

Serres, 24 November 2020

Chairman
& Managing Director

Vice-Chairman

Financial Director

Chief Accountant

Panagiotis Tsinavos
ID AE373539

Georgios Kotsambasis
ID AE376847

Konstantinos Sarmadakis
ID AN389135

Evangelos Karagiannis
ID AM894228