ELGEKA S.A.

GROUP OF COMPANIES

MANAGEMENT REPORT
FOR YEAR 2017

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF "ELGEKA S.A. TRADE-DISTRIBUTIONS-REPRESENTATIONS-INDUSTRY" REGARDING THE CONSOLIDATED AND STAND ALONE FINANCIAL STATEMENTS OF THE FINANCIAL YEAR 1 JANUARY 2017 TO 31 DECEMBER 2017 (In accordance with Law 3556/2007, article 4)

Dear Shareholders,

In accordance with the Commercial Law and the Articles of Association of the Company, we submit to the Shareholders' General Meeting for approval, the Annual Report of year 2017 (01/01/2017 – 31/12/2017) of the Board of Directors. The report was prepared in accordance with articles 43[a] and 107[a], of article 43bb of C.L.2190/1920, article 4 of L.3556/2007, as well as the delegated of the same Law issued executive decisions of the Board of Directors of the Capital Market Commission.

The present report includes the financial status and results of year 2017 along with all significant transactions occurring during the current accounting year and until the date of submission. In addition, the report refers to an analysis of the main threat / risks, perspectives and expectations, corporate governance statement, key non-financial performance data, alternative performance measurement indicators, as well as all transactions with related parties. The abovementioned information refers to both the Parent Company and the Group.

The company "ELGEKA S.A. TRADE - DISTRIBUTIONS - REPRESENTATIONS – INDUSTRY" has the form of the Societe Anonyme and its registered office is located in the Municipality of Delta Thessaloniki, in the Industrial Area of Sindos, D.A. 13, O.T. 31 – B' FASI. It also has a branch office in Acharnes, Attika, at 60 Agios Ioannis Theologos, as well as a branch office in Aspropyrgos, Attica, at position "Skarpa".

The accounting year, ended December 31st, 2017, is the 20th year during which "ELGEKA S.A." operated as the parent company of the Group. The companies included in the consolidated financial statements, together with the interests of our company in the subsidiaries, are disclosed in detail, in Note 1 of the Annual Financial Statements of the Group and the Company.

The Financial Statements for the year ended December 31st, 2017, are the 13th consecutive, which have been prepared in accordance with the International Financial Reporting Standards (I.F.R.S.), and the accounting principles and policies, which have been adopted by the Board of Directors of the Company.

The contents of the report are presented as follows:

A. <u>FINANCIAL RESULTS & BUSINESS ACTIVITIES OF THE COMPANY & THE GROUP FOR THE FISCAL YEAR 01/01/2017 TO 31/12/2017</u>

During 2017 and following a series of actions undertaken by ELGEKA Group, strictly following its strategic plan, achieved to significantly improve its financial figures, to strengthen its position in the Greek and Romanian markets and acquire those capabilities that will allow it to face the challenges ahead. During the year, the Greek Economy continued to present the structural problems of recent years, namely the limited disposable income of consumers, reduced private and business liquidity, reduced investment and increased uncertainty. Within this environment, ELGEKA Group achieved to show an increase in its sales, an improvement of its profit margins and strengthening of its Equity.

As a consequence, the financial figures of the Group and the Parent are summarized as follows:

Turnover (sales) from continuing activities of the Group amounted to 165.540 thousand euro in the current financial year over 157.766 thousand euro the previous year of 2016, showing an increase of 7.774 thousand euro or 4,93%. This change is mainly due to the achievement of new partnerships with suppliers that have strong and well-known brands in the markets that is activated ELGEKA Group (Greece, Romania), to the continuous increase of sales in the private label market in Greece, as well as to the re-activation of a large part of the former Marinopoulos Group's network under the management of Sklavenitis Group. The impact of these events is reflected in the increase in the activities of “Trade of food and other consumer goods” sector (by the amount of 8,9 million euro).

Sales per Segment (in thousand euro)	**2017**	**2016**	**%**
Trade of food and other consumer products	130.309	121.456	*7,29%*
Real estate	489	491	*(0,41%)*
Logistics services	34.742	35.819	*(3,01%)*
TOTAL	**165.540**	**157.766**	***4,93%***

Gross profit of the Group amounted to 28.585 thousand euro for the year 2017 compared to 24.907 thousand euro of the previous year, presenting a significant increase of 3.678 thousand euro or 14,77% in percentage, further increasing the impact of sales’ growth, shaping the gross margin at 17,27% in 2017 as opposed to 15,79% in 2016. The significant increase in gross profit margin is due to the steady improvement of the product mix achieved by the Group through increased participation of products with higher profit margins.

Other operating income of the Group is decreased by 13,49% compared with 2016, or by 754 thousand euro, mainly due to the decreased revenue from secondary activities.

Group's Operating Costs presented decrease by 2.747 thousand euro or by 8,24% in percentage, i.e. from 33.326 thousand euro in 2016 to 30.579 thousand euro in 2017. This result is a consequence mainly of the reduced Other Operating expenses by 1.753 thousand euro (due to the provision of doubtful debtor that it was made during 2016 regarding Marinopoulos Group for an amount of 1.516 thousand euro), but also to the decrease of Administration expenses by 635 thousand euro and Selling and Distribution expenses by 359 thousand euro, as a result of the continuous redefining of the Group’s cost base, through the cut of expenses that do not contribute to value creation, as well as the more effective implementation of its functions.

Profit before interest, tax, depreciation and amortization (“EBITDA”) from continuing operations of the Group presented a significant increase and, in particular, they amounted to 6.863 thousand euro as opposed to 1.057 thousand euro in the previous year, a result which is the consequence of both increased sales and the significant improvement of profit margins (gross profit margin, operating profit margin).

At the segment level, there was an increase in “EBITDA” in all segments of Group, mainly in the segment of “Trade of food and other consumer products” and “Logistics services”, as a result of the aforementioned factors.

EBITDA per Segment (in thousand euro)	2017	2016	*Variation*
Trade of food and other consumer products	4.491	537	*3.954*
Real estate	(71)	(87)	*16*
Logistics services	2.487	784	*1.703*
Other	(44)	(177)	*133*
TOTAL	**6.863**	**1.057**	***5.806***

Operating profit from continuing operations of the Group amounted to 2.840 thousand euro against loss of 2.831 thousand euro in the previous year, recording an improvement of 5.671 thousand euro, which is the consequence of the factors that already described.

Financial Expenses are increased by 41 thousand euro or 0,66% over the previous year, i.e. they amount to 6.228 thousand euro in 2017 compared to 6.187 thousand euro in 2016.

Other Financial Results are improved by 143 thousand euro amounting to revenue of 39 thousand euro in 2017 compared to expenses of 104 thousand euro in 2016.

Loss before tax from continuing operations of the Group amounted to 2.012 thousand euro the year ended against 9.055 thousand euro in 2016 as a result of the above mentioned facts, as well as of the profit from the valuation of Investment property (improvement by the amount of 1.439 thousand euro in relation to 2016).

Loss after tax from continuing operations decreased significantly in the year 2017 and amounted to 2.409 thousand euro compared to 7.600 thousand euro in the previous year of 2016. The table below describes in detail the reasons for the change in Results after tax from continuing operations.

Change in Result after tax from continuing operations 2016 - 2017	
Increase of gross profit due to increased sales	+ 1.227 th. euro
Increase of gross profit due to increased gross margin	+ 2.451 th. euro
Reduce of Other Operating Revenues	- 754 th. euro
Decrease of provision for doubtful debtors	+ 1.589 th. euro
Decrease of operating expenses (Selling and Distribution – Administration expenses)	+ 994 th. euro
Decrease of Other Operating Expenses	+ 164 th. euro
Increase of financial cost (revenue – expenses)	- 98 th. euro
Improvement of other financial results	+ 143 th. euro
Profit from the valuation of investment property	+ 1.439 th. euro
Participation in the results of joint ventures / associates	- 112 th. euro
Income tax	- 1.852 th. euro
Total change in Result after tax from continuing operations	**+ 5.191 th. euro**

Loss of Group from continuing operations attributable to shareholders of "ELGEKA S.A.", after tax and non-controlling interest amounted to 3.122 thousand euro in the year 2017 compared to 7.447 thousand euro in the previous year of 2016, decreased by 4.325 thousand euro.

Loss per share from continuing operations of the Group reached 0,0984 euro in 2017 compared to 0,2347 euro in the comparable year of 2016.

During the year 2017, ELGEKA Group intensified on the one hand the efforts to increase its shares in the markets that it operates and, on the other hand, the actions to reduce its operating costs, resulting in a significant improvement in its financial figures at each level. The key financial data featured in 2017 at Group level is briefly as follows:

- The increase of Sales by 4,93%, as well as the improvement of gross profit margin from 15,79% to 17,27%, which allowed it to increase significantly its gross profits.
- The decrease in operating costs (Operating income - Operating expenses) by the amount of 1.993 thousand euro (from 27.738 thousand euro in 2016 to 25.745 thousand euro in 2017), which is largely due to the ongoing cost-cutting actions implemented by the Group, as well as the fact that in the year 2016 was included the provision of doubtful debtor of Marinopoulos Group.
- The positive contribution from the valuation of the investment property by the amount of 1.165 thousand euro against loss of 274 thousand euro in 2016.
- The negative contribution of income tax by the amount of 397 thousand euro against the positive contribution of amount 1.455 thousand euro in 2016 (mainly due to the recognition of deferred tax asset on unused tax losses of the Parent company “ELGEKA S.A.”).
- The profit after tax from discontinued operations of total amount 4.867 thousand euro that took place during 2017, in contrast of loss from discontinued operations amounting to 1.417 thousand euro in 2016, mainly due to the profit of 3.842 thousand euro that accrued from the sale of participation in the subsidiary company “ARIVIA S.A.”.

The main points arising from the Statement of Financial Position of the Group are as follows:

The net book value of Tangible Fixed Assets, Intangible Assets, and Investment Property of the Group amounted, as at 31/12/2017, to 72.054 thousand euro representing 47,72% of the Group’s Total Assets as opposed to 75.802 thousand euro in 31/12/2016.

In 31/12/2017, the Group Equity represents 4,41% of the Group’s Total Equity and Liabilities amounting to 6.662 thousand euro as opposed to 5.946 thousand euro in 31/12/2016.

Group’s total Liabilities amounted to 144.344 thousand euro as opposed to 159.397 thousand euro in 31/12/2016, representing a significant decrease by 9,44%. The long term liabilities amounted to 27.002 thousand euro as opposed to 27.491 thousand euro in 31/12/2016, a decrease of 1,78%.

Group’s Long term bank liabilities (long term liabilities payable within the following year included) amounted to 25.660 thousand euro as opposed to 26.161 thousand euro in 31/12/2016, representing a decrease of 501 thousand euro or 1,92%.

Finally, Group’s Short term bank liabilities at 31/12/2017 amounted to 48.203 thousand euro (31,92% of Total Liabilities and Equity), decreased by 1.376 thousand euro as opposed to those in 31/12/2016, which amounted to 49.579 thousand euro.

It is presented below an analysis of the trend in financial ratios relating to the Group’s financial structure, effectiveness, efficiency and working capital management for the fiscal year 2017, in relation to the fiscal year of 2016:

A) Financial Structure Ratios

1. Property Funding Ratio	2017	2016
Fixed Assets / Total Assets	59,15%	70,74%
Current Assets / Total Assets	40,85%	29,26%

2. Leverage ratio

Total Debt* / Equity	1.376,46%	1.586,80%

* Financial leasing liabilities included

3. Fixed Assets Coverage Ratio

Equity / Fixed Assets	7,46%	5,08%
Equity & Long-term Liabilities / Fixed Assets	37,69%	28,59%

4. Current ratio

Current Assets / Current Liabilities	52,57%	40,69%

B) Profitability Ratios

1. Return on Equity	2017	2016
Earnings before tax (EBT) / Equity	(30,20%)	(152,29%)

2. Gross profit margin

Gross profit / Sales	17,27%	15,79%

3. Equity turnover

Sales / Equity	2.484,84%	2.653,31%

4. Gross Profit to Cost of Sales Ratio

Gross Profit / Cost of Sales	20,87%	18,75%

C) Activity Ratios

1. Creditors' Turnover ratio	2017	2016
Trade Creditors X 360 days / Cost of Sales	88 days	89 days

2. Debtors' Turnover ratio

Trade Debtors X 360 days / Sales of Stock & Services on credit	61 days	58 days

3. Inventory Turnover ratio

Inventory X 360 days / Cost of sales	35 days	34 days

Regarding the financials of the Parent Company are summarized as follows:

Turnover (sales) of "ELGEKA S.A." for the current financial year amounted to 56.908 thousand euro as opposed to 54.323 thousand euro in the previous year of 2016, showing an increase of 2.585 thousand euro, or 4,76% in proportion. This increase was mainly due to the new co-operations and intensification of the promotional activities that took place during the year, ae well as to the reactivation of great part of the former network of Marinopoulos Group under the management of Sklavenitis Group.

Gross profit amounted to 18.688 thousand euro in 2017 from 16.499 thousand euro in the corresponding previous year, which is an increase of 2.189 thousand euro or 13,27%, while gross profit margin increased to 32,84% from 30,37% in the year 2016.

Other operating income is stable in relation to 2016, namely reaching the amount of 2.727 thousand euro in 2017 against 2.713 thousand euro in the previous year (i.e. increased by 0,52% compared to the year 2016).

Operating Expenses decreased by 1,59%, namely from 19.447 thousand euro in the previous year of 2016 amounted to 19.138 thousand euro in the closing year of 2017, a decrease of 309 thousand euro.

Earnings before interest, taxes, depreciation and amortization (“EBITDA”) amounted to 2.824 thousand euro against 352 thousand euro in the previous year of 2016, a significant increase of 2.472 thousand euro, due to the aforementioned increase of sales and gross profit margin.

Operating profit of the Company amounted to 2.277 thousand euro as opposed to loss of 235 thousand euro of the previous year.

Profit before tax amounted to 1.372 thousand euro during 2017 versus profit of 3.616 thousand euro in 2016, presenting a decrease of 4.988 thousand euro. The main reasons for this development are the reversal of the impairment of the subsidiary “ARIVIA S.A.” amounting to 7.518 thousand euro that took place during the year 2016, while there was no such event in the year 2017.

Loss after tax of year 2017 amounted to 1.681 thousand euro against profit of 4.714 thousand euro in the previous year.

Loss per share of the Parent Company amounted to 0,0530 euro for the year 2017 compared to profit of 0,1486 euro for the year 2016.

From the above data, it is obvious that despite the continuing adverse economic conditions of the Greek market, the Parent Company managed to achieve during 2017 an increase in both its sales and its gross profit margin, while at the same time maintaining its operating cost low. The key financial highlights of the specific year, for the Parent, briefly are the following:

- The increase of sales by 4,76%.
- The increase of gross profit margin, from 30,37% to 32,84%.

- The decrease of operating cost (Operating income – Operating expenses) by the amount of 323 thousand euro (from 16.734 thousand euro in 2016 to 16.411 thousand euro in 2017).

B. SIGNIFICANT EVENTS

a) Significant events for the year 2017

In Group level, during 2017, were made the following investment - business developments:

- By virtue of the 30/11/2016 relevant decision of the Extraordinary General Meeting of the shareholders of the Company, and to implement this, there was signed on February 20, 2017 contract regarding the sale of total shares held by “ELGEKA S.A.” to its subsidiary “ARIVIA INDUSTRIAL AND COMMERCIAL S.A.”, i.e. 12.375.185 shares representing 90,04% of the company's shares, for a consideration of 20.000 thousand euro. Taking into account the decision, by November 30th, 2016, taken by Management of the Parent company “ELGEKA S.A.”, regarding the intention of finding potential acquirer for the sale of subsidiary “ARIVIA S.A.”, the specific company presented in the ELGEKA Group’s Annual Financial Statements of 31/12/2016 as “Discontinued operations” and “Non-current assets held for sale”. From the above sale of participation percentage of “ELGEKA S.A.” in “ARIVIA S.A.”, resulted a profit of 3.842 thousand euro in the ELGEKA Group's Consolidated Financial Statements on December 31st, 2017. The sale of the above participation had as a direct consequence for the Company the inflow of significant amounts of capital, a fact which is an additional element in the negotiations and commitments of the Company to its lending banks in view of the forthcoming signing of a new Common Bond Loan to restructure its borrowing.

- On March 10th, 2017, the Unsolicited Extraordinary General Meeting of the subsidiary “DIAKINISIS S.A. Warehousing - Transport - Promotional Packaging” decided to increase its share capital by the amount of 3.100 thousand euro in cash and the issuance of 1.550.000 new common registered shares of nominal value of two (2) euro each, amending Article 5 of its Articles of Association. “ELGEKA S.A.” covered the part of this increase in “DIAKINISIS S.A. Warehousing - Transport - Promotional Packaging” that corresponds to the participation percentage in it, namely 99,99%, with the payment of 3.100 thousand euro. Following the above, the new share capital of the subsidiary “DIAKINISIS S.A. Warehousing - Transport - Promotional Packaging” amounts to totally 16.500 thousand euro divided into 8.250.000 common registered shares with nominal value of two (2) euro each, while the participation percentage of ELGEKA S.A. in that company remains at approximately 99,99%.

- For the Parent company “ELGEKA S.A.”, it had been issued initially the audit order no. 648/0/1118/17-12-2014 by the Audit Authority for Large Enterprises for the tax audit of the unaudited fiscal year 2008 of the Parent Company, while subsequently with the audit order no. 648/4/1118/22-12-2015 the tax audit was extended also for the unaudited fiscal years 2009 and 2010. Following the receiving of the initial Audit Notice by Audit Authority for Large Enterprises, the Company submitted under the provisions of articles 57 to 61 of L.4446/2016 amendment-supplementary tax returns relating to the audited fiscal years.
  Subsequently, the aforementioned Audit Authority notified to the Company the relevant partial audit reports and the corresponding definitive acts of corrective income tax assessment, accounting for taxes (including surcharges) of a total amount of 1.412 thousand euro. The Company accepted part

of the above charged taxes and paid in the amount of 532 thousand euro and as it considers it unfounded the charge of extra taxes and surcharges (in addition to those already declared and paid) of a total amount of 880 thousand euro, filed an remedial appeal for the this amount in order to protect its rights and awaits the issue of the relevant conclusion by the Dispute Settlement Division of the Independent Public Revenue Authority. Due to the fact that the 120-day deadline - which the DSD had to answer - has expired without a response, the Company has filed under number DSD1520436/31.10.2017EMP appeal to the three-member Administrative Court of Appeal of Athens against this implied rejection and it is anticipated the date of the hearing of this tax case to be determined, for which it is probable that it will be successful.

- Finally, the investments in Fixed Assets and Investment Property for 2017 amounted to 2.173 thousand euro and 104 thousand euro for the Group and the Parent Company, respectively.

b) Significant post – balance sheet events until the date of the Report

There were no events after the Financial Statements date that relate to the Group or the Company, which require separate disclosure.

C. PERSPECTIVES – BUSINESS ACTIVITIES – MAIN RISKS AND UNCERTAINTIES

In 2017, the Greek Economy continued its slow but steady adaptation to the circumstances as they have been shaped during the last years. Consumption is constantly changing both in terms of quantity and quality, with preferences, habits and ways of distributing consumer income being differentiated in order to maximize the possible benefits.

In particular, regarding the retail sector, households present a continuous switching to non-branded products (private label products), to lower-cost products and to bidding products, while they carry out more frequent visits to larger stores, reducing spending per visit.

All of the above points demonstrate a constant change in consumer trends, which in turn affects the way businesses operate. Companies that show a high degree of adaptability to new circumstances enjoy higher market shares, while reversely companies that are unable to follow new trends find themselves quickly out of the market.

In 2018, the challenges will be faced by businesses is expected to be again significant and multidimensional. Consumers and businesses will be forced to cope with a reduction in their income and increased tax liabilities, resulting in further pressure on consumption. The business sector has also to cope with the increased credit risk, as after many years of recession several companies can no longer meet their accumulated obligations, creating new obstacles to the operation of the rest. Given also the continued imposition of capital controls on banks, a statute that adversely affects both the psychology and the real capability of businesses and consumers to operate smoothly as economic entities, it becomes obvious that the conditions for 2018 will continue to be demanding.

However, in any such period where the circumstances of economic activity are changing both quantitatively and qualitatively, they were created the conditions that allow the repositioning of business relationships, by taking advantage of opportunities that arise, covering gaps in the market and timely understanding of the changes in consumer behavior.

The challenge for companies that operate and addressed in the domestic Economy and therefore the challenge for ELGEKA Group is its adaptation to the new circumstances, through the search of new products and services, new markets, new innovative alternative distribution channels, transforming the way they work so as to gain an advantageous position in the ongoing new business reality.

ELGEKA Group will continue its efforts to strengthen its activities in areas which present promising perspectives, in areas where emerge potential business gaps as well as in areas in which it has invested and has a competitive advantage. In parallel, the continuous adjustment of the Group's operation by reviewing the structures and processes is part of the general strategy of continuous quality improvement of products and services offered by the simultaneous reduction of the related costs.

Main pillars in the Group's development are the markets of trade of consumer products and logistics services, areas which present particularly strong momentum internationally.

During 2017, the Group concluded the sale of the company "ARIVIA S.A.", through which it was activated in the segment of "Production, trade and promotion of own and third party brands". Through the disinvestment from this segment of activity, the Group achieved to obtain significant benefits in multiple levels: a) Strengthened its capital adequacy, as from the sale resulted a profit of 3.842 thousand euro, a fact which resulted to the increase by the same amount of its Equity, b) Ensured the inflow of a significant consideration (20.000 thousand euro), a fact which is an additional element in the negotiations and commitments of the Group to its lending banks in view of the forthcoming signing of a new Common Bond Loan for the restructuring of its borrowings and the long-term financing of its debt obligations , c) Ensured working capital that will support the smooth implementation of its business plan, d) Allows the Group to concentrate its resources on its core and traditional sectors of activity.

The traditional segment of the Group, the "Trade of food and other consumer goods", which operates in Greece mainly through Parent ELGEKA and "G.S.B.G. S.A.", strongly accepts the consequences of the recession through both the reduction in sales and also through small profit margins that characterize the specific market. However, the Group constantly enriches its product portfolio, adapting each time to changing consumer needs and invests in existing brands and markets with a long presence in Greece, while at the same time carry out the necessary actions (exploit synergies, better organization of distribution networks, etc.) in order to reduce operating costs and increase productivity. During 2017, Parent Company ELGEKA managed to increase its sales due to the new co-operations achieved during the year and the intensification of its promotional activities as well as the reactivation of a large part of the former Marinopoulos Group's network under management of Sklavenitis Group. In addition, it managed, through the gradual change of its product mix, to further improve its gross profit margin, but also to reduce its operating costs even further, significantly enhancing its profitability. This course is expected to continue also in 2018, despite the adverse conditions prevailing in the Greek economy.

Regarding the market of private label products, in which ELGEKA Group operates through its subsidiary "G.S.B.G. S.A.", sales present a significant increase by 26% compared to 2016, while it has been also improved significantly its operating profitability (EBITDA 185 thousand euro against 23 thousand euro in 2016). The specific company continuously increases the number of its product codes and its customer base, expanding its market share in a rapidly growing market and, therefore, the prospects appear positive for 2018.

In the segment of "Trade food and other consumer goods", the Group is also active in the market of Romania through the company "ELGEKA FERFELIS ROMANIA S.A.". The performance of this subsidiary was particularly positive for 2017, achieving sales growth of 7,5% to the level of 53,8 million euro, as well as a significant improvement in its profitability (EBITDA 1.582 thousand euro in 2017 versus 56 thousand euro in 2016). "ELGEKA FERFELIS ROMANIA S.A." operates in an environment characterized by satisfactory growth rates and positive prospects for the future, while it manages to make new co-operations that allow it to gain market shares from the competition. As a result, it is expected the positive contribution to the financial figures of ELGEKA Group for next year.

Finally, in the fourth quarter of 2017, ELGEKA Group sold a share of 26% of the subsidiary company "ELGEKA FERFELIS BULGARIA L.T.D.", which operates in the market of Bulgaria in the consumer goods sector, reducing its exposure to a market by which did not receive the expected benefits.

ELGEKA Group operates in the segment of "Logistics services" through company "DIAKINISIS S.A.". The segment has been affected by the general environment in which it operates with the result to accept the broader negative consequences, namely reducing of its figures and increasing the cost factors. Nevertheless, the Group has deep knowledge of the area and it has developed competitive advantage through "DIAKINISIS S.A.", which is one of the key players of the market.

In particular, the company "DIAKINISIS S.A.", which is activated in the provision of storage, distribution and packaging services, realized a series of coordinated actions at each level during the last years resulted in significant improvement of its operational profitability in 2017, which was offset to a small extent by its marginal decline in sales (2,4% compared to 2016). Specifically, the company managed to achieve EBITDA of 2.519 thousand euro compared to 784 thousand euro in 2016, taking advantage of the cost reductions it has achieved at each level, both in its fixed and variable costs. In 2018, the company is expected to benefit fully from cost savings already made, while a series of additional moves will allow it to further improve its financial performance. In 2018, the improvement of the financial profile of "DIAKINISIS S.A." is expected to continue, further enhancing ELGEKA Group's figures.

Finally, ELGEKA Group is operating in the segment of real estate management in Romania through the subsidiary "SC GATEDOOR HOLDINGS COM S.R.L." and the joint venture "GREC - ROM BUSINESS GROUP S.R.L.", companies that hold a significant portfolio of properties. During 2017, property prices in Romania presented rise, contributing positively to Group's financial figures, while in Greece continued their fall, also to a lesser extent than in previous years. In 2018 the trend in real estate prices expected to be relatively stabilizing.

The objective of the Group remains the exploitation of the property portfolio and therefore all kinds of prospects for the exploitation of these properties are examined in cooperation with specialized companies operating in this field. In any case, Group's Management proceeds to careful actions by thoroughly examining every possible scenario, in order to obtain the maximum potential benefits.

Regarding the risks and uncertainties faced by the Group, it should be noted that it mainly engages in the key markets of Greece and Romania in a highly competitive environment. Therefore, it is exposed to a variety of financial risks, whose management is carried out mainly by the Group Financial Management in collaboration with the administrations at local companies. The most significant financial risks and uncertainties that the Group may face during 2018 are the following:

a) Price Changes Risk

The recession of the Greek economy has strongly differentiated the profile of the average consumer, leading to an increased uncertainty about the future. The Greek economy has fallen into a state of continuing recession with demand continuously decreased, while inflation has been driven by taxes. Under these circumstances, it is not expected in the coming years to be present strong inflationary pressures.

The Group is not exposed to price change risk related to securities as there are no investments in active markets (Stock Exchanges).

b) Credit Risk

The Group does not have a significant concentration of credit risk deriving from contracting/contractual parties, due to its highly differentiated client list and to high credibility of those clients that are responsible for the most significant proportion of revenues. The exposure to credit risks and the customers' financial position is assessed on a constant basis by the companies of the Group, so as the granted credit for significant customers not to exceed the predefined credit limit. Furthermore, in order to have a higher security, Management has adopted for the Parent Company and the subsidiary "G.S.B.G. S.A." the insurance of a significant part of their credits to a well-known insurance company ("EULER HERMES"). Moreover, the Parent Company has obtained additional guarantees from major customers, the balances of which are not fully insured by the insurance company. Finally, due to the exceptional circumstances prevailing in the market since early July 2015 (imposition of capital controls), the Group adopted a very stringent credit policy to its customers in order to further minimize credit risk.

As a result, the Management considers that during 2018 there will not any significant credit risks unsecured or not adequate provisions for bad debts made for both the Parent Company and the other companies of the Group.

c) Interest and Foreign Exchange Risk

Group's bank loans are mostly denominated in euro and bear a floating interest rate. Group's Management considers that there is no significant risk deriving from possible significant changes in interest rates.

The Group finances its investments as well as its needs for working capital through both its operating cash flows and bank debt, senior debt and a "Sale & Lease Back" property contract, leading to interest charges in its financial results. The potential increasing trends of interest rates (changes of EURIBOR interest rate) during 2018 will have a negative impact on the Group's financial results, due to the increased interest expenses.

Group short-term loans are contracted on floating interest rates. The interest rates' renewal takes place for short-term loans, every 1 to 3 months, and for long-term loans every 3 to 6 months. This enables the Group to avoid the risk from immense interest rate fluctuations.

The following table presents the changes in the Results before tax of the Group (through the impact of the loan balances at year-end with variable-rate to profits) to possible changes in interest rates, with all other variables held constant:

Sensitivity Analysis of the Group's Loans to changes in Interest Rates

(amounts in thousand euro)	Currency	Interest Rate volatility	Effect in Results before tax
2017	EUR	1%	(755)
		-1%	755
2016	EUR	1%	(768)
		-1%	768

Sensitivity Analysis of the Company's Loans to changes in Interest Rates

(amounts in thousand euro)	Currency	Interest Rate volatility	Effect in Results before tax
2017	EUR	1%	(469)
		-1%	469
2016	EUR	1%	(478)
		-1%	478

Moreover, the Group operates internationally and also trades in foreign currencies. Therefore, it is exposed to exchange rate fluctuations. The Group's exposure to exchange rate risks is mainly due to commercial and funding transactions in foreign currency conducted in the countries where the subsidiaries are located. However, due to the fact that the main country outside Greece, in which the Group is active, is Romania, the Group's exposure to foreign exchange risks is limited, especially when converting its financial statements for consolidation purposes.

The following table presents the changes in the Results before tax of the Group and in Equity in reasonable changes in Romanian Lei (RON), with all other variables held constant:

Sensitivity Analysis of changes in Foreign Exchange

(amounts in thousand euro)	Foreign Currency	Increase / Decrease in foreign currency against euro	Effect in Results before tax	Effect in Equity
2017	RON	5%	96	948
		-5%	(96)	(948)
2016	RON	5%	25	887
		-5%	(25)	(887)

d) Liquidity Risk (financial risk)

The Group serves its obligations based on positive operating cash flows, high debt rating received from financial institutions and the financial assets, whose book values in Financial Statements do not deviate from their fair values.

Group manages its risks that might occur due to limited liquidity by maintaining unused bank credit limits. In addition, as at 31/12/2017, the Group and the Company possessed 12.175 thousand euro and 8.780 thousand euro respectively in cash (31/12/2016: 3.621 thousand euro and 2.400 thousand euro, respectively).

Given that at 31 December 2017 the Group and the Company has negative working capital by 55.656 thousand euro and 36.133 thousand euro, respectively, they implement a broad program of actions to reduce costs, optimize the management of the trade cycle, disinvest form sectors that either are not part of their core business or they are loss-making, as well as to renegotiate their loan needs. As a consequence of these actions, the negative working capital decreased significantly during the current year, namely by the amount of 14.873 thousand euro and 16.213 thousand euro for the Group and the Company respectively, indicating the correct strategy of the Management.

Regarding the borrowings of the Group, the Management is in negotiations with creditor banks in order to convert the short-term debt of the Parent Company and its subsidiary "DIAKINISIS S.A." into long-term. The final signing of the agreement during 2018 is expected to resolve this issue as loans totaling 61.213 thousand euro and 46.900 thousand euro for the Group and the Company respectively, which on December 31st, 2017 are presented as short-term, will eventually become long-term. A detailed description is made in Note 32 of the Financial Statements.

In any case, the Group and the Company have the necessary assets, which, combined with the significant improvement in their operating results and the market shares hold in their main sectors of operation, allow them to have alternative sources of financing their operation and service of their needs. In this context and following the strategy of recent years, it is an immediate priority of the Management the disinvestment from non-operating assets of the Group in order to reduce the non-financial leverage (decrease of bank lending) and consequently to optimize the use of the employed capital.

e) Capital management

The Group's primary goal regarding capital management is to ensure the maintenance of high credit rating and strong capital ratios, in order to secure and expand the Group's activities and to maximize shareholders' value.

The Group and the Parent Company, manage capital efficiency using the ratio of total borrowings to Equity, with the purpose to constantly improve their capital structure.

At 31st December 2017, the Company's Equity is less than 50% of the share capital and therefore applies the conditions for application of article 47 of the C.L. 2190/1920. Also, the Equity of the subsidiary "DIAKINISIS S.A." is less than 50% of its share capital and therefore applies the conditions for application of article 47 of the C.L. 2190/1920.

The Management has already proceeded to adoption of actions in order to reduce costs in every level of business operation, through the optimization of use of Group's resources, increase sales and generally creating profitable results, which would allow an increase in its Equity and thus restore them to more than 50% of its share capital. Specifically, the aforementioned actions are summarized as follows:

1. Increase of market shares, through new commercial co-operations, both in the Greek market and in Romania.
2. Change of product portfolio mix, through new trade co-operations and products, with a simultaneous increase of the focus on more profitable sales channels.
3. Improvement in operating profitability both of Company and Group through: a) the renegotiation of trade policies with the affiliated suppliers / customers of the Company and the Group and b) the optimization of the efficiency of both the logistics and other support operations.
4. Disengage from activities that are either underperforming or do not promote the focus on key / critical activities of the Group.
5. Active exploitation of sub-exploited assets of the Company and the Group (e.g. real estate, other investments).
6. Re-negotiate loan agreements with creditor banks with a view to convert the current bank lending into long-term, lightening repayments over the medium term and lowering interest rates.
7. Focus on the operating segments, in which the Group presents a competitive advantage and

attempts to integrate new partnerships with the aim of maximizing the synergies produced.

f) Macroeconomic risk

The main macroeconomic risks to which the Group is exposed are the inflation, the income policy and the recession risk that might lead into compression and shrinkage of consumer's disposable income. The decrease in consumption might lead not only to an intension of competition but also to a sales decline, a gross profit decline and, as a result, a negative influence on Group's profitability.

Moreover, the imposition of capital controls in the banking sector has created new risks, which come from the limited liquidity, the difficulties in the import of goods and services and the overall reduced economic activity, resulting in reduced sales and lower profitability.

g) Risk relevant to Food safety

The Group's main area of activity is the food sector.

Packaging, marketing, distribution and food sales include inherent risks as far as the products' quality liability, the potential recall and the consequent unfavorable publicity is concerned. This might lead to negative consequences in reputation, operation, financial position and Group's financial results.

Such products might be unintentionally distributed by the Group and might have consequences in customers' health. As a result, the Group has the legal responsibility for potential damage claims and, as a result, has engaged to a corresponding insurance coverage.

The Group applies a strict quality and safety policy for food products, in order to offer to its customers, high quality and secure products and to faithfully and strictly follow safety and hygiene rules.

Both Management and the entire Group structure are socially sensitive, in order to offer to customers high quality and safe products, as indicated by the following certifications granted to the Parent Company.

"ELGEKA S.A.", following reviews of related procedures and systems implemented, inspected by accredited certification bodies on its premises in Athens and Thessaloniki, and received certifications for the application thereof in accordance with international standards:

- ISO 22000: 2005 for Food Safety Management by the certification body TÜV HELLAS (Member of TÜV NORD Group), accredited by ESYD on this field.

D. CORPORATE GOVERNANCE STATEMENT

1. Reference to the Corporate Governance Code which applies to the Company and the place where the Code is available to the public

"ELGEKA S.A." ("Company" hereafter) is committed to high standards of Corporate Governance, beyond those provided by relevant laws. In implementing L.3873/2010, the Company's Board of Directors decided the adoption of the Code of Corporate Governance as it is enacted by the Hellenic Federation of Enterprises (S.E.V.), as applicable as Greek Code of Corporate Governance (E.K.E.D.) after its amendment by the Greek Council of Corporate Governance. The Code is posted at the following address: http://www.helex.gr/el/web/guest/esed-hellenic-cgc.

2. Reference to Corporate Governance practices implemented by the Company that go beyond the provisions of Law and reference to the place where they are published

The Company, in order to strengthen its Corporate Governance system, has adopted practices beyond those provided by Law. Illustratively:

- The operation of the Board of Directors is clearly described in the Operating Regulations of the Board, which has been circulated to all members.
- The main duties and responsibilities of the Audit Committee are defined in the Internal Operation Regulation of the Company.
- The Board of Directors has adopted a clear policy of delegating authority to the Company's Management, through the Approval Level Regulation, which explicitly describes the delegated responsibilities.

3. Reference to deviations from the Corporate Governance Code

The Company confirms that applies faithfully and strictly the provisions of Greek law, which establish the minimum requirements to be followed by any Code of Corporate Governance (L.2190/1920, L.3016/2002, L.3873/2010, L.3884/2010, L.4403/2016, L.4449/2017).

The Company deviates or does not apply in total some of the special practices of the Greek Code of Corporate Governance, as following:

- The Company has no independent Vice-Chairman, despite the fact that the duties of the Chairman of the Board of Directors and those of the Managing Director have been assigned to the same person. The Company considers that the deviation from this practice does not hinder its proper operation (A.III, par.3.3 of the Code).
- It has not established evaluation procedure of the Board of Directors and its Committees. The Board of Directors is assessed by the Shareholders' Annual General Meeting through the Activity Report (A.VII, par.7.1 of the Code).
- There is no regular meeting of non-executive Board's members without the presence of executive members in determining their performance and remuneration, as this process takes place in the context of the collective operation and decisions of the Board of Directors, which in the majority consists of non-executive members (A.VII, par.7.2 of the Code).
- In the contracts of executive members of Board of Directors, there is no provision for return of part or all of the bonus that has been awarded, in case of revised financial statements of previous years, according to which it has been estimated this bonus. In the case of a new contract, it will be reviewed the application of this practice. During 2017 no bonus was given to executive members of the Board of Directors (C.I., par.1.3 of the Code).
- Regarding the vote in the General Meeting through electronic voting or voting by mail, the Company's Articles of Association does not provide relevant procedure. The proposed practice will be reviewed when the relevant Minister's decision is issued, in which there will be setting out the requirements to safeguard the identity of the voter-shareholder, a decision that is not yet issued (D.II, par.2.2 of the Code).
- The Company has not adopted a policy of diversity including gender balance for members of the Board of Directors and senior managers. The current Board of Directors consists of a majority of men, from the total of seven (7) members the six (6) are men and only one (1) member is a woman.

The issue will be considered by the Remuneration and Nomination Committee during the upcoming establishment of the Board of Directors in body and will be evaluated the implementation of the proposed practice (A.II, par. 2.8 of the Code).

- The Company has not adopted specific policies to ensure that the Board of Directors has sufficient information to base its decisions regarding transactions between related parties according to the standard of a prudent businessman. However, all of the Company's transactions and its subsidiaries with related parties are subject to the application of the arm's length principle and are subject to review annually subject to compliance with the relevant documentation of Transfer Pricing legislation (A.IV, par. 4.1 of the Code).
- The Company has not adopted specific practices regarding communication with shareholders, which include the policy on questioning by the shareholders to the Board of Directors. It will be taken care to implement the proposed practice (DI, par. 1.4 of the Code).
- The Company does not disclose to the Remuneration Report analysis of remuneration paid to each member of the Board of Directors to protect the privacy of persons concerned (CI, par. 1.11 of the Code). The total remuneration paid is referred below in the Remuneration Report and is based on relevant resolutions of the General Meeting of shareholders, as provided by law.

4. Description of the main characteristics of internal control system and risk management of the Group, in relation to the preparation of financial statements

One of the main concerns of ELGEKA Group is the development and continuous improvement of internal control system of the companies that are member of it, which is consists of detailed written procedures and controls, covering in continuous basis all activities and transactions and contributes to the efficient and secure operation of them.

The Board of Directors is responsible for maintaining of control system, monitoring and evaluating its adequacy, as well as its effective implementation. In this work, the Board of Directors is assisted by the Audit Committee and the Internal Audit Division, through which it is monitored the implementation of the internal control system.

Aim of the Board of Directors is the establishment of internal control systems that respond effectively to risk management. The Board of Directors is responsible for the identification, evaluation and monitoring of risks that the Group's companies face, as well as for their management.

The risk assessment is a continuous process throughout the financial year, which is carried out during the preparation of business planning and annual budget, through periodic reporting, as well as through the review of the operations of the year.

In addition, the Group's companies implement insurance programs (fixed assets, credit balances, etc.).

The Internal Audit Department expresses opinion on the internal control system of each controlled area, based on the audit conducted in accordance with the annual audit plan. The annual audit plan is approved by the Audit Committee and is the result of a risk assessment of potential risks that the Group's companies face per function.

In the context of risk management, the Group has established detailed procedures and regulation of approval limits for transactions that are considered important and of high risk.

The adequacy and accuracy of compliance with safeguards, is controlled by the Internal Audit Department, informing appropriately the Company's Board of Directors.

In particular, regarding the Individual and Consolidated Financial Statements, the Group's companies have established procedures to ensure proper preparation, which among others include:

- Creation, development and implementation of uniform accounting practices and procedures.
- Compliance of subsidiaries' accounting departments to financial policies and procedures of the Group. Accounting treatments of non-recurring transactions not covered by the procedures should be given special approval.
- Review of Financial Reporting issues at regular intervals.
- Adequate knowledge of personnel in financial services, with clearly segregation of duties and responsibilities.
- Ongoing training and staff development.
- Process of monitoring and controlling of intra-group transactions.
- Process of controlling and approving all documents prior to their accounting entry, to ensure their accuracy and validity according to the procedures of the Group and the accounting standards.
- Monthly balance agreements.
- Annual agreements of customers and suppliers.
- Stock counting at the end of the year.
- Procedures regarding the end of the fiscal year, which include deadlines, allocation of responsibilities, classification of accounts and information on required disclosures.
- Regulation of approval levels (Chart of Authorities), which sets out the powers granted to the executives of the Group's companies to carry out important transactions.
- Access to applications and files, from which the financial statements are derived to a limited number of users.

5. Information required by article 10, par. 1, points c), d), f), h), i) of Directive 2004/25/EC of the European Parliament and Council, of 21 April 2004, regarding takeover bids

The above requested information about the significant direct and indirect holdings, the holders of any securities giving rights of control and description of these rights, the limitations on voting rights, the rules for appointing and replacing Board members and the rules for amending the Articles of Association, have been developed in detail in the Explanatory Report of the Board, which is in Chapter B8.

6. Information about how the General Meeting of Shareholders operates and its main powers, as well as a description of shareholders rights and how they are exercised

6.1. Main powers

The General Meeting is the supreme body of the Company and decides on all important matters, in accordance with the provisions of L.2190/1920.

The General Meeting has exclusive jurisdiction to decide on:

- The amendment of Articles of Association.

- The appointment of members in the Board of Directors and Auditors.
- The approval of Annual Financial Statements of the Company.
- The allocation of profits in any financial year.
- The merger, division, conversion, revival or extension of term or winding up of the Company.
- The appointment of liquidators.

6.2. Operation

The General Meeting is convened by the Board of Directors and is met in the Company's headquarters at least once a year, until the tenth calendar day of the ninth month after the end of the fiscal year. Participation right holds all shareholders either in person or by duly authorized representative in accordance with the prescribed legislation.

The General Meeting, with the exception of repeated meetings, convened at least twenty (20) days before the meeting date (includes any holidays). The invitation contains all the information necessary for the conduct of the General Meeting, as well as the information that help to inform its shareholders in order to effectively exercise their rights (place, date and time, entitled to participate, record date, minority rights, voting procedure by representative, the website address of the Company where is available additional information, etc.).

Along with the publication of the invitation, the Company posts on its website the complete text of the invitation and information about:

- The total number of shares and voting rights at the time of the invitation.
- Documents to be submitted to the General Meeting.
- Any proposed draft decisions.
- The forms of defining representative.

6.3. Conditions for participation in the General Meeting

Right of representation in the General Meeting, regular or special, has any shareholder, owner of at least one (1) share.

The General Meeting is entitled to be attended by any individual or legal entity presented as shareholder in the records of Dematerialized Securities System managed by the "Hellenic Exchanges S.A.", in which are held the securities of the Company at the beginning of the fifth (5^{th}) day before the day of session of General Meeting (record date).

The shareholder status is evidenced by a written acknowledgement of the above institution or by direct online connection of the Company with the records of the institution. The written statement or electronic certification must be received by the Company at least three (3) days before the General Meeting.

The exercise of these rights does not require the blocking of shares by the recipient.

Each shareholder participates in the General Meeting and votes either in person or by proxy holders, setting up to three (3) proxy holders. Also, entities may participate in the General Meeting, setting up to three (3) natural persons as proxy holders. A proxy holder acting for more shareholders may vote differently for each shareholder.

The appointment and revocation of a proxy holder must be done in writing and be communicated to the Company at least three (3) days before the date of the General Meeting. The relevant documents authorizing a proxy holder are available on the Company's website. According to the Company's Articles of Association is not provided the possibility for participation in the General Meeting and the exercise of voting electronically or by mail.

The proxy holder is obliged to disclose to the Company, before the beginning of the session of the General Meeting, any fact which might be useful to the shareholders in assessing whether the proxy holder might pursue any interest other than the interest of the represented shareholder (these events are explicitly defined in Article 28[a], par.3 of L.2190/1920).

6.4. Shareholders' rights and way of exercising them

The rights of minority shareholders are provided in Article 39 of L.2190/1920. In particular, the following are in force:

1. At the request of shareholders representing 1/20 of the paid up share capital, the Board of Directors shall convene an Extraordinary General Meeting, not later than within forty-five (45) days.
2. At the request of shareholders representing 1/20 of the paid up share capital, the Board of Directors is required to include additional items in the agenda of the General Meeting that has been already convened, if the request is received by the Board of Directors at least fifteen (15) days before the General Meeting. The request is accompanied by a justification or a draft decision for approval by the General Meeting.
3. At the request of shareholders representing 1/20 of the paid up share capital, the Board of Directors makes available to shareholders draft decisions on agenda items, at least six (6) days before the date of the General Meeting, provided the request has been received seven (7) days before the General Meeting.
4. At the request of shareholders representing 1/20 of paid share capital, the President of the General Meeting is obliged to postpone only once decisions' approval by the General Meeting, regular or extraordinary, for all or some matters, defining a day continuance of the meeting, that day specified in the request of shareholders, which cannot be more than thirty (30) days from the date of deferral.
5. At the request of any shareholder, which is received five (5) days before the General Meeting, the Board of Directors provides to the General Meeting the requested specific information about Company's cases, provided that they are useful for the real appraisal of the issues on the agenda.
6. At the request of shareholders representing 1/20 of the paid up share capital, the Board of Directors shall notify the General Meeting, in the case that it is a Regular one, the amounts and benefits have been paid in the last two years to each member of the Board of Directors or to executives of the Company.
7. At the request of shareholders representing 1/5 of paid share capital, submitted five (5) days before the General Meeting, the Board of Directors provides information to the General Meeting regarding the progress of corporate affairs and financial position of the Company.
8. At the request of shareholders representing 1/20 of paid share capital, the decision taking on the agenda of the General Meeting shall be by name.
9. In all these cases, the applicant shareholders must prove their ownership status and number of shares owned during the exercise of the specific right. Such evidence is supported by a certification from the institution where the securities are held or by a certification of the shareholder status by

direct online connection between the institution and the Company.

7. Composition and function of Board of Directors, oversight bodies and committees of the Company

7.1. Board of Directors

The Company is managed by the Board of Directors, which is elected by the General Meeting of Shareholders by secret voting and by an absolute majority.

According to the Company’s Articles of Association, the term of the Board is four years, which may be extended until the election of new Board by General Meeting of Shareholders convened in the year that expires its term.

The Board of Directors is the supreme governing body of the Company and is empowered to decide for any matter relating to the administration and representation of the Company, to management of its wealth and generally ensure its operational efficiency.

The Operation Regulation of the Board of Directors, which has been approved by a decision of the Board of Directors, includes the basic operating rules and obligations of its members.

Illustratively, among the responsibilities are including the following:

- Approve the Company's strategy and annual budget.
- Convene the General Meeting of Shareholders and defines the agenda items.
- Prepare and approve the Annual Financial Statements of the Company and submit them for approval by the General Meeting of Shareholders, together with the Annual Management Report.
- Specifies the Board of Directors’ members, who sign the statements of L.3556/2007 and certify, by signing, the accuracy and the true representation of the information contained in the Annual Financial Report.
- Prepare and approve the six-month Financial Statements of the Company.
- Propose the dividend that will be distributed to Shareholders and the amounts to be retained for the formation of reserve capital.
- Decide on the establishment and expansion of branches.
- Decide the participation of the Company in existing or newly established companies and the creation of new segments.
- Supervise the operation of the Internal Audit Department, through the Audit Committee.
- Approve any kind of fees paid to managers of the Company and its internal auditors, as well as the general remuneration policy of the Company, following relevant suggestions of the Remuneration and Nomination Committee.

The Board of Directors has the ability to delegate powers to its members, executives of the Company, to third parties or to committees, identifying each time the limits of that power through relevant decision.

In achieving high standards of corporate governance, the Board of Directors has approved the Chart of Authorities, in which they are described all necessary approvals required from the various administrative levels to carry out important transactions of the business of the Company.

The Board of Directors convened by the Chairman or his deputy, by invitation communicated to its members two (2) working days at least before the meeting. The invitation includes clearly the issues of the agenda. The convocation may require two (2) of its members, by application to the Chairman, who is obliged to convene the Board within seven (7) days.

Each director has one vote, but when it represents director who is validly absent, can have two votes, provided that he has been awarded representation.

The Board of Directors is in quorum and convenes validly, when are present or are represented at this the half plus one of its directors. The Board of Directors' decisions are taken by absolute majority of those present and represented members.

The Board of Directors is consisted of seven members as elected by the General Meeting of Shareholders at 07/05/2014, while there are certain changes on the initial composition of the elected members of the Board of Directors (retirements, replacements), validated by the next Ordinary General Meeting on 18/05/2015. Since then, the Board of Directors was re-formed with the same composition, having made changes in the capacity of its members.

Subsequently, the Board of Directors is consisted of the following members during 2017:

	Name of member	Capacity	Number of meetings that held during its term	Number of meetings that was attended
1	Alexandros Katsiotis	Chairman and Managing Director, Executive member	*29*	*29*
2	Elli Drakopoulou	Vice-Chairman, Non-executive member	*29*	*29*
3	Anthimos Misailidis	Deputy Managing Director, Executive member up to 20.02.2017 Non-Executive member since 20.02.2017	*29*	*29*
4	Stilianos Stefanou	Non-executive, independent member	*29*	*29*
5	Michalis Fandridis	Non-executive	*29*	*29*
6	Nikolaos Milios	Non-executive, independent member	*29*	*29*
7	Adamantios Lentsios	Non-executive, independent member	*29*	*28*

The Board of Directors held in total forty-six (46) meetings in 2017, of which seventeen (17) were conducted on board.

The term of the current Board was originally set to be four year with end at 07/05/2018 and may be extended until the election of a new Board of Directors from the next Ordinary General Meeting to be held after that date.

The CVs of Board of Directors members listed on the website of the Company (www.elgeka.gr).

With respect to transactions with related parties it is followed specific procedure for approval by the relevant bodies in the preparation stage of the contracts, in order to ensure compliance with the regulatory framework and justification, taking also the advisory support of external partners. Also, the transactions with related parties are subject to annual inspection to ensure compliance with the regulatory framework and justification.

7.2. Audit Committee

The Audit Committee support the Board of Directors in the performance of its duties related to the internal control system.

The members of Audit Committee during 2017 were the following:

1.	Chairman	Stilianos Stefanou	Non-executive, independent
2.	Member	Michalis Fandridis	Non-executive
3.	Member	Adamantios Lentsios (up to 14/12/2017)	Non-executive, independent
4.	Member	Nikolaos Milios (since (14/12/2017)	Non-executive, independent

The Chairman of Audit Committee Mr. Stilianos Stefanou, as an independent non-executive member, meets the requirements of article 44 of L.4449/2017, having demonstrated proficiency and experience in the fields of accounting and auditing.

The term of the Audit Committee is similar to that of the Board Directors and expires on 07.05.2018 and may be extended until the election of a new Board of Directors from the next Ordinary General Meeting to be held after that date.

The main responsibilities of the Audit Committee are the following:

- Monitor the financial reporting process.
- Monitor the effective operation of the Internal Control System and the Risk Management System.
- Monitor of proper functioning of the Company's Internal Audit Department.
- Monitor of the statutory audit of individual and consolidated financial statements.
- Review and monitor issues related to the existence and maintenance of objectivity and independence of the external auditor or audit firm, particularly regarding the provision from them to the Company and other non-audit services.
- Review the financial statements prior to approval by the Board of Directors.
- The Company's compliance with legal and regulatory framework of operation.

The responsibilities of the Audit Committee are detailed described in the Internal Operation Regulation of the Company, which is approved by the Board of Directors.

The Committee held thirteen (13) meetings in 2017. The members of the Committee participated in all meetings.

The Audit Committee receives annually from the collaborated audit firm, confirmation regarding the independence and objectivity of external auditors.

The main topics handled by the Audit Committee during 2017 were the following:

- Review the results of audits performed by Internal Audit Department.
- Review the process of creating the annual audit plan and proceeded to its approval.
- Review the annual and semi-annual Financial Statements prior to its approval by the Board of Directors.
- Review the effective operation of internal control system and risk management system.
- Review issues related to ensuring the objectivity and independence of external auditors, regarding

the provision of non-audit services.

- Advise the Board of Directors regarding the selection of the audit firm.

7.3. Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for the process of appointment of the candidate members of the Board of Directors to ensure the smooth transition of members with objective and merit criteria.

In addition, the Committee recommends to the Board of Directors the remuneration policy for the Board members, as well as the remuneration policy, benefits and financial incentives for attracting, retaining and developing the human resources of the Group.

The members of the Committee during the year 2017 were as follows:

1.	Chairman	Nikolaos Milios	Non-executive, independent
2.	Member	Stilianos Stefanou	Non-executive, independent
3.	Member	Michalis Fandridis	Non-executive
4.	Member	Adamantios Lentsios	Non-executive, independent

The Committee consists of four (4) non-executive members of the Board, which they appointed by it.

The term of the Audit Committee is similar to that of the Board Directors and expires on 07.05.2018 and may be extended until the election of a new Board of Directors from the next Ordinary General Meeting to be held after that date.

The Committee held two (2) meetings in 2017 with the participation of all its members.

7.4. Diversity policy regarding the Company's administrative, management and supervisory bodies

The Company does not apply a specific policy regarding the diversity of its administrative, management and supervisory bodies. Nevertheless, the composition of the Board of Directors as well as the Committees supporting it assures a diversity of skills, views and abilities in order to achieve effective achievement of corporate goals. All members of the Board of Directors are university graduates, while three of them hold postgraduate degrees from both national and foreign universities, a fact which ensures a high level of professional training. In addition, they have worked in senior positions of important domestic and foreign companies, active in various industries; they have been senior executives of large organizations, ensuring high professional training, skills, experience and administrative capabilities. In addition to their technical training and experience, they stand out for their ethos and integrity, contributing to shaping corporate culture and achieving a high level of corporate governance. Regarding age and gender, the Company's Management considers that these characteristics are not determinants of its effective operation.

7.5. Remuneration Report of Board of Directors' members

The remuneration of non-executive Board of Directors' members is approved by the Annual General Meeting in accordance with the relevant legislation.

Furthermore, the Annual General Meeting approves the maximum monthly salary may take any executive member, as well as the upper limit which may reach the total remuneration of non-executive members during each year and authorizes the Board of Directors to specify them.

According to the existing policy of the Company, both executive and non-executive members do not receive variable remuneration

In particular, during 2017 the total remuneration and benefits paid by the Company and its subsidiaries to executive members of Board of Directors amounted to 303 thousand euro, while to the non-executive members were paid 184 thousand euro.

The remuneration of executive members of Board of Directors associated with the corporate strategy, the purposes of the Company and the realization thereof, with the ultimate aim of creating long-term value for the Company.

For the year 01/01/2017 - 31/12/2017 were not granted stock options and there is no valid stock option program.

E. KEY NON-FINANCIAL PERFORMANCE DATA

Pursuant to the provisions of article 43^{a} par. 6 of CL. 2190/1920, as in force after its amendment by Law 4403/2016, the Management Report includes information on the non-financial position of the Group.

1. Brief business model description

ELGEKA S.A. is one of the largest Greek commercial companies and is active in the Greek market in the food sector since 1974. During the year 2017, the companies of the Group acted mainly in the following segments:

- Trade of food and other consumer products
- Provision of logistics services
- Real estate

In addition to the Greek market, the Group has a presence through its subsidiaries in Romania.

The primary objective of the Group is to strengthen its position in the main markets of Greece and Romania, where the majority of the companies that participate in it are active.

The experience, know-how and human resources, systems and equipment that Group's companies hold are an important opportunity for successful suppliers from Greece and abroad to commercially develop their portfolio products at a controlled cost and with limited risk.

The commercial activity is developed by the companies "ELGEKA S.A." and "ELGEKA FERFELIS ROMANIA S.A.", which provide to their partners, customers and suppliers an integrated system of commercial services in the areas of sales, marketing, trade marketing and logistics, forming an integral link in the sector's supply chain. Operating rather as a "subsidiary" of the principals with which cooperate, among their primary goals is the successful brand building in the Greek and Romanian markets of the products they represent and handle.

“GSBG S.A.” is active in the development of private label products for third-party customers. It operates in the wholesale of food, personal care products and daily household maintenance.

In the field of logistics services, through the company “DIAKINISIS S.A.”, storage, distribution and repackaging services are provided to the largest companies in Greece and abroad, which operate in the following sectors: food, household goods, supermarket chains, clothing , tobacco and alcohol, electronics, home furnishings and medicines. DIAKINISIS has more than 160.000 sq.m. sheltered storage space for each temperature zone in 15 locations in Attica, Thessaloniki and Patra, 240.000 sq.m. outside protected area and 11.000 sq.m. offices. It also has customs warehouses and a drug warehouse with the necessary licenses and certifications. In addition, it maintains cooperation with 8 transshipment points across Greece, while for the transport it cooperates with a network of 300 agencies.

The pursuit of the Group's objectives is ensured by a framework of principles and values that determine the day-to-day operation and practice. The Group's objectives and corporate values also define its responsibility towards the social groups that are directly and indirectly affected by its business activity, such as:

1. ***Shareholders***: We seek to protect their investment and ensure a satisfactory return on their funds, with transparency and meaningful information.
2. ***Customers / Consumers***: We try to provide quality products and services that meet their needs.
3. ***Employees***: Human resources are valuable. Respect for its rights and the emphasis on its development is a prerequisite for the achievement of the Group's objectives.
4. ***Partners***: We believe in mutually beneficial relationships with suppliers and associates of the Group.
5. ***Society***: We believe that socially responsible business operations contribute to the progress and prosperity of society as a whole.

We share important values on which the Group has set out its fundamental rules:

Transparency: Transparency is the cornerstone of decision-making and actions procedure.

Integrity: Compliance with ethical business practices and the performance of operations with transparency and reliability.

Commitment: Commit to achieving goals by adding value to shareholders.

Trust: Mutual trust between colleagues and management is especially important for the proper conduct of our business activities.

Teamwork: Developing and encouraging a spirit of collaboration and teamwork through communication, participation, support and briefing of cooperators.

Creativity: Identifying opportunities and taking initiatives to develop and implement new ideas and solutions.

The existing non-financial report concerns the actions of ELGEKA Group companies in 2017.

2. Non-financial indices

Basic figures	2017
Social impact	
Taxes and contributions paid to Greek State (€)	14.834.936
Amounts paid for social actions (€)	91.481
Environment	
Consumed electricity (KWH)	6.691.879
Recycling of materials (tons)	382
Contributions paid for the recycling of packaging materials for the goods sold (€)	23.370
Led lights placed in replacement of conventional lights (pieces)	1.622
Investment of replacement lights (€)	166.156
Estimated annual saving of energy due to placement of led lights	32,5%
Employees	
Number of employees (31.12.2017)	1.042
Age distribution of employees	
<30 years old	138
Between 30 and 50 years old	771
>50 years old	133
Percentage of women in total employees (%)	35%
Employees covered by contracts of indefinite duration (%)	99%
Investment in training (€)	37.670
Group insurance of employees (€)	121.430
Employees' accidents	3
Fatal employees' accidents	0
Convictions on corruption matters against the company or its employees in the performance of their duties	0

3. Description of the corporate policies, risks and outcomes of these policies

3.1 Risk policy and risk management

Given the activities of the Group's companies in the field of trading product and 3PL services, inevitably their business activities raise risks that concern not only the environment but also society, its employees as well as respect for and protection of human rights.

As part of our approach to corporate responsibility and our contribution to sustainable development, we monitor the impact of our activities on:

- Health and safety of employees.
- Health and safety of consumers when using our products.
- Managing human resources in terms of employment, health and safety.
- Respect for the human rights of both employees and all of our associates.
- Combating corruption, bribery and fraud.
- Environmental impact of our activities.

The way we manage these issues is presented in more detail in the following sections.

With regard to the food safety risk, which is a core activity of the Group, a strict quality and safety policy is applied in order to offer our customers the most quality and safe products, while all safety and hygiene rules are followed faithfully and strictly. The social sensitivity that governs both the Management and the entire organization of the Group as regards the issues of hygiene and food quality is demonstrated by the certifications granted to the Group companies as mentioned in paragraph 3.2.

3.2 Environmental issues

In ELGEKA Group we recognize the responsibility to preserve and protect the environment. Our business strategy is inseparably linked to sustainable development in the long run. In this context, we systematically apply practices in order to achieve continuous improvement of environmental performance. The Group's will and objective is that processes and products have the least negative environmental impact in proportion to business activity.

The environmental actions concern mainly the companies of the Group that have storage facilities. In particular:

- All Group companies comply with the requirements of applicable Greek and European environmental legislation that relate to their activities.
- Recycling and waste management practices are being used.
- Managers and employees are constantly trained and made aware of the importance of contributing to environmental management.
- More environment-friendly materials are used when storing and repacking products.

"DIAKINISIS S.A.", as a storage, distribution and repackaging company, applies Integrated Management System. In the integrated management system, coexist various standards of management (management of quality, food safety, health and safety at work, etc.), which they have been developed and integrated in such a way that they are compatible between them in their implementation and to facilitate with synergies by one simple and productive way while reducing business risk.

The largest companies of the Group have the following certifications:

	ELGEKA	DIAKINISIS	ELGEKA FERFELIS ROMANIA
ISO 22000:2005 - Management of Food Safety System	V	V	
OHSAS 18001:2007 - Health and Safety of Employees System		V	V
SMETA (SEDEX) - Corporate Social Responsibility (cover 2 premises)		V	
Ministerial Decision 1348/2004 – System of Principles and Guidelines for Good Practice in the Distribution of Medical Devices		V	
Ecovadis - Self-assessment System for environmental issues, practices of fair work, ethics, fair business practices and supply chains (Silver award / covers one premise)		V	
AEOF Certification – Operation of Customs Warehouse		V	
GDP - Distribution Center License for Wholesale Medicines Sales		V	
ISO 9001:2015 – Quality Assurance System			V
ISO 1 4001:2004 - Environmental Management System			V

The Group's companies maintain cooperation with certified companies for the collection and alternative management of used non-hazardous packaging in order to direct them to alternative waste management solutions, collect waste of electrical and electronic equipment intended for withdrawal with a view to recycling them and collect lead accumulators (batteries) in order to recycle them.

During the year 2017, 382 tons of various materials were recycled by the Group companies, mainly for packaging from paper and cardboard, metals, wood, glass, etc. In addition, ELGEKA paid 23.370 euro as contributions for the recycling of the packaging materials of its sold products.

The electricity consumption of Group’s companies amounted to 6.691.879 Kwh.

As part of the ELGEKA Group's environmental policy and energy management, a program to replace existing light bulbs with LED energy saving lamps was launched in 2017. This action concerns the storage facilities of “DIAKINISIS S.A.”, where "E40 HQI" lamps of power 135-400W and fluorine 36-58W per lamp have been replaced, with 120W and 20W LED lighting lamps respectively. In the year 2017, the cost of the investment amounted to 166 thousand euro and 1.622 LED lamps were placed, expecting an annual energy savings of 32,5%. The project is underway and will be completed during 2018.

It is also worth mentioning that “DIAKINISIS S.A.” has proceeded with the implementation of a system of electronic archiving of the copies of the dispatching documents of its customers, with significant savings for paper saving.

3.3 Social issues

The Group's companies are committed to provide a safe and healthy working environment for employees, to operate with environmental care by ensuring compliance with applicable legislation, to protect personal data and employees, to ensure maximum service and satisfaction of customers / consumers and to engage in responsible communication and promotion of their products.

The contribution of the Group to the Greek State through the payment of taxes and insurance contributions amounted to 14,8 million euro during the year 2017.

Indicatively, some of the major programs and actions implemented in 2017 to support society are listed below.

Through the companies of the Group, funds and free products were provided to support various institutions with a total value of 91 thousand euro (FRIENDS OF MERIMNA, HATZIKYRIAKIO FOUNDATION, CHILDREN'S FRIENDS, KEEPA HORIZONS and other non-profit organizations).

Finally, particular care is taken to treat the stray animals (dogs) located at DIAKINISIS facilities. Care includes feeding, vaccination, sterilization, deworming and creating sheltered areas for animal hospitalization.

3.4 Work issues

ELGEKA Group employs 1.042 employees, of which 35% are women. The 99% of Group's employees are covered by contracts of indefinite duration.

The training and development of all associates is very important for improving the efficiency and profitable growth of the Group. Each partner, in cooperation with his supervisor, is responsible for his training on the job, as well as for submitting proposals to the Human Resources Manager for the follow-up of educational programs. During the annual evaluation and record of the personal development plan of the partner is agreed a program of improvement and training that will allow the acquisition of knowledge and techniques for better quality at work.

The direction and speed of each partner's development depends also on him. His contribution should be his will and effectiveness as well as the ability to take greater responsibility. In addition, it should be willing to learn new skills, undertaking new projects and mobility. In order to encourage the development of its new executives, the Group's companies are trying to fill its gaps through internal promotions. The choice of promotions is based solely on the ability of each person to take on a position of greater responsibility and not on the length of his service.

Our associates are our most valuable asset. Each partner must ensure that his or her behavior and how to handle business affairs does not compromise his / her personal security or that of others. This includes applying the security procedures and making suggestions for changes when necessary.

In other circumstances, including business trips, each associate must behave in a professional, mature and responsible manner at any time.

Associates must ensure that there is no compromise with regard to their personal security or integrity, and that each partner is responsible for adhering to these rules of conduct.

Associates treat each other with respect, courtesy and decency. Debasement, harassment and negative comments on colleagues or outside associates contradict this belief, and each associate must discourage such behaviors.

The Group's companies implement a Health and Safety Policy and the sense of responsibility deriving from it is a top priority for their operation and they focus on preventing accidents and job-related illnesses.

In 2017, 46 health and safety seminars were attended by 583 employees and 35 seminars on good practice in loading, picking, machine cleaning, medicine's management and food safety, attended by 343 employees.

In 2017 there were 3 work-related accidents in the Group's companies and no fatal work-related accident.

In addition to the requirements of labor law, the following actions were implemented in 2017:

- Blood Bank at "DIAKINISIS S.A." in collaboration with Thriasio Hospital, through which 19 bottles of blood were collected.
- Occupational nurse, in addition to the Occupational Health Doctor, who has an employment contract for an indefinite period, and visits all the facilities of DIAKINISIS at regular time intervals and all workers who sick in their homes.
- Training for all staff at regular time intervals on Health and Safety issues at work. Total training expenses amounted to 38 thousand euro.
- Employee's private insurance scheme, which includes life insurance, hospital and out-of-hospital care. The program concerns all employees and it is given the possibility of optional insurance of the protected members of employees. The annual cost of personnel private insurance amounted to 121 thousand euro.

3.5 Respect for human rights

ELGEKA Group does not discriminate against gender, race, religion, age, social groups, or sexual preferences. On the contrary, it believes that understanding diversity helps to facilitate contact with all consumer and workforce groups.

In addition, child labor is prohibited within the Group, as well as in the associated companies and in general undeclared work, as well as work under the influence of alcohol or drugs and their use or trading in the workplace, as well as any form of violence. It is a policy of the Group to select associates according to this policy. As a result, ELGEKA Group's associates are expected to follow a similar attitude in their work and in their further contacts.

Anything that constitutes practice of any form of race and sexual harassment, physical or psychological, is strictly forbidden. The Group trains all of its executives for faithful adherence to the above policy.

The Human Resources Department is defined as a surrogate and guardian of the faithful implementation of this policy through control procedures of staff policy.

Any adverse behavior is a professional fault and is punished.

Monitoring and implementation of corporate policy is achieved through:

- The Code of Business Ethics
- Internal Operating Procedures
- Employee Health and Safety Policy

All employees of the Group, depending on their position in the corporate hierarchy, have signed the Code of Business Ethics and have the ability to report anonymous or with their name any breach of the Code.

3.6 Fighting corruption

The companies of ELGEKA Group apply the Code of Business Ethics, which sets the general standards of Ethics for all Group associates and employees.

The Group's commitment to the values of integrity and honesty, which are an integral part of its operation for more than 40 years, is reflected in this Code.

Management believes that it is its responsibility of informing all employees, permanent associates and suppliers in order to achieve a single operating framework for the entire Group.

The Code outlines the basic principles and rules governing the Group's internal regulations, taking into account the relevant provisions of national and international law, on the basis of which all employees of the Group's companies carry out their duties.

The general principles outlined in the Code, taking into account the principles of Corporate Governance, are based on the values of integrity, impartiality, entrepreneurship, professionalism, transparency, social and environmental responsibility and respect for human rights.

Through compliance with the Code, all employees, among others, have the responsibility to:

- avoid situations of conflict of interest
- avoid the privileged use of suppliers for personal reasons
- ensure transparency of transactions with government authorities
- preserve business confidentiality
- ensure the integrity of financial data and reports

The fight against corruption and bribery is ensured through the following:

- Compliance with the Code of Business Ethics signed by all employees, which includes communication lines in senior and supreme management of issues or concerns relating to illegal or unethical acts. In case of detection of unethical acts, the Audit Committee is informed.
- Compliance with the Corporate Governance Code
- Compliance with internal regulations and operating procedures
- The operation of the Internal Audit Division

During 2017, there was no corruption-related incident.

3.7 Supply chain issues

The companies “ELGEKA S.A.”, “G.S.B.G. S.A.” and “ELGEKA FERFELIS ROMANIA S.A.” are active in the trade of food and consumer products, which are supplied by the producers of these products.

Their goal is to be a leader in the trading of consumer products and to present high quality products of everyday use, meeting the needs of consumers. The markets in which they are active mainly concern food, frozen food, sweets, daily hygiene items and household items. At the beginning of each co-operation, suppliers are required to obtain the certificates provided for by European legislation. The certifications requested by each supplier depend on the nature of the products and the requirements of the legislation applicable to the countries of the European Union. To this end, the Group's commercial companies are required to ensure that all necessary product information is displayed on the packaging of the products.

The main provider of logistics services for the Greek companies of ELGEKA Group is “DIAKINISIS S.A.”, which has as its object the provision of logistics services to third parties (3PL), namely the receiving, storage and distribution of goods. In order to carry out its operations, it cooperates with a great number of suppliers, including carriers, subcontractors, suppliers of packaging materials, equipment and maintenance services, cleaning services, safekeeping and security services, real estate tenants, etc.

The purchases of goods and services of Group's companies operating in Greece are carried out by the Group's Procurement Department in cooperation with the relevant departments, always following the procurement rules and procedures having as target:

- The transparency, objectivity and fairness of procurement procedures
- The monitoring of market development in order to identify and propose cost-saving areas
- The ensuring of selection suppliers that meet the relevant criteria and quality standards of the Group
- The flexibility and speed of procurement execution
- The monitoring of evolution of co-operation with suppliers in order to ensure the provision of selection specifications

The Group's Procurement Department realizes an annual assessment of the most important suppliers regarding the satisfaction of criteria of quality, reliability, consistency, certifications and innovation.

We have not yet developed a complete system for assessing the social and environmental performance of our cooperating suppliers, but as part of the renewal of contracts with major suppliers, we aim to introduce performance criteria also in these areas.

F. ALTERNATIVE PERFORMANCE MEASURES ("APM")

The Group uses Alternative Performance Measures ("APM") in decision-making regarding its financial, operational and strategic planning as well as for the evaluation and publication of its performance. These measures serve to better understand the financial and operating results of the Group, its financial position and the cash flow statement. Alternative measures ("APM") should always be taken into account in conjunction with the financial results prepared in accordance with IFRSs and under no circumstances replace them.

Definitions and agreements of Alternative Performance Measures ("APM")

1) Profitability measures

For the most complete analysis of its operating results, the Group uses the following profitability ratios:

EBITDA (Earnings before interest, tax, depreciation and amortization)

The measure EBITDA is calculated from the annual financial statements as follows: "Profit / (Losses) from operating activities" by subtracting the depreciation of assets and depreciation of asset subsidies.

	2017	2016
Profit / (Losses) from operating activities	2.840	(2.831)
Depreciation of assets	4.113	4.176
Depreciation of asset subsidies	(90)	(288)
EBITDA	**6.863**	**1.057**

EBIT (Earnings before interest and tax)

The measure EBIT is equal to the "Profit / (Losses) from operating activities" of the Group resulting from the Annual Financial Statements.

EBT (Earnings before tax)

These are the earnings before deduction of taxes and result from the annual Financial Statements.

Net Income

They are the earnings after deduction of taxes and result from the annual Financial Statements.

All the above figures relate exclusively to the Group's continuing operations.

Profit margins

For all the above profitability measures the respective profit margin is calculated by dividing the corresponding amount by the total Turnover.

	2017		2016	
	Comparable figure	Margin	Comparable figure	Margin
EBITDA	6.863	4,15%	1.057	0,67%
EBIT	2.840	1,72%	(2.831)	(1,79%)
EBT	(2.012)	(1,22%)	(9.055)	(5,74%)
Net income	(2.409)	(1,46%)	(7.600)	(4,82%)

2) Net borrowing

Net borrowing is an indicator that aims to capture the capital structure of the Group. It is calculated by adding to the long-term loans the short-term part of the long-term loans and short-term loans, as well as the obligations for finance leases, and subtracting the cash and cash equivalents. The calculations are presented in the following table:

	2017	2016
Long-term loans	1.840	1.317
Short-term part of long-term loans	23.820	24.844
Short-term loans	48.203	49.579
Finance leases	17.837	18.611
Less: Cash and cash equivalents	(12.175)	(3.621)
Net borrowing	**79.525**	**90.730**

3) Operating working capital

Operating capital is an indicator that aims to capture the Group's liquidity. The calculations are presented below:

	2017	2016
Inventory	13.246	12.571
Trade receivables and other receivables	28.137	25.426
Less: Suppliers and other trade liabilities	(33.645)	(32.698)
Operating working capital	**7.738**	**5.299**

G. RELATED-PARTY TRANSACTIONS (in thousand euro)

The related-party transactions and Parent Company's intercompany balances in accordance with I.A.S. 24, refer to the transactions with the following subsidiaries and other related, as presented in the following table:

	01/01/2017 - 31/12/2017		01/01/2016 - 31/12/2016	
Transactions with related-parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Sales / Revenue from services	-	1.447	-	1.468
b) Purchases	9	2.991	11	3.076
c) Key management personnel and members of Board compensation	942	928	1.141	914

	31/12/2017		31/12/2016	
Transactions with related-parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Receivables	-	1.158	-	1.237
b) Liabilities	6	548	2	7.027
c) Receivables from key management personnel and members of Board	-	-	-	-
d) Payables to key management personnel and members of Board	-	-	-	-

The related-party transactions and Parent Company's intercompany balances for 2017 are presented below:

Subsidiaries	Sales / Income	Purchases/ Expenses	Receivables	Liabilities
DIAKINISIS S.A.	1.236	2.756	974	542
ARIVIA S.A.	4	226	-	-
G.S.B.G. S.A.	207	-	184	-
Total	**1.447**	**2.982**	**1.158**	**542**
Other related parties	**-**	**9**	**-**	**6**
Total of subsidiaries and other related parties	**1.447**	**2.991**	**1.158**	**548**

The related-party transactions and Parent Company's intercompany balances for the prior year 2016 are presented below:

Subsidiaries	Sales / Income	Purchases/ Expenses	Receivables	Liabilities
DIAKINISIS S.A.	888	2.632	1.061	1.277
ARIVIA S.A.	477	433	143	5.748
G.S.B.G. S.A.	103	-	33	-
Total	**1.468**	**3.065**	**1.237**	**7.025**
Other related parties	**-**	**11**	**-**	**2**
Total of subsidiaries and other related parties	**1.468**	**3.076**	**1.237**	**7.027**

Analytically, the following relationships exist between "ELGEKA S.A." and related companies:

1. ELGEKA S.A. – DIAKINISIS S.A.

“DIAKINISIS S.A.” renders 3rd party logistics services to “ELGEKA S.A.” based on a contractual agreement and it relates to warehousing and product distribution.

“ELGEKA S.A.” charged “DIAKINISIS S.A.” the following amounts:

- 736 thousand euro for the provision of consulting services
- 388 thousand euro for rentals
- 112 thousand euro for co-location costs (water and electricity expenses)

“DIAKINISIS S.A.” has charged “ELGEKA S.A.” the following amounts:

- 2.684 thousand euro for warehousing, distribution and repackaging services
- 72 thousand euro for rentals and other expenses

2. ELGEKA S.A. – ARIVIA S.A.

“ELGEKA S.A.” charged “ARIVIA S.A.” the following amounts:

- 4 thousand euro for sale of products

“ARIVIA S.A.” charged "ELGEKA S.A." the following amounts:

- 266 thousand euro for sales of goods

3. ELGEKA S.A. – GLOBAL SYNERGY BUYING GROUP S.A.

“ELGEKA S.A.” charged “G.S.B.G. S.A.” the following amounts:

- 207 thousand euro for the provision of consulting services

Companies are identified in the capital of which are involved with a percentage of at least 10%, members of the Board of Directors of “ELGEKA S.A.” or shareholders with a participation percentage of at least 10%. Subsequently, it was checked the existence of transactions between such companies and "ELGEKA S.A.”.

From the audit, it was realized that the companies in the share capital of which they participate with more than 10% members of the Board of Directors and with which "ELGEKA S.A." had transactions are the following:

- The company “EXCEED CONSULTING S.A. (FANDRIDIS M. – ASSOCIATES – BUSINESS CONSULTANTS)”, with which the total value of transactions amounted to 9 thousand euro and concerns a market research.

There were no changes in transactions between the Company and its related parties’ individuals which could lead to important consequences with regard to the financial position and performance of the Company during 2017.

All aforementioned transactions were accomplished under the standard market rules.

H. EXPLANATORY REPORT OF THE BOARD OF DIRECTORS TO THE ANNUAL SHAREHOLDERS' GENERAL MEETING OF "ELGEKA S.A." (in accordance with L.3556/2007, article 4, par. 7 and 8)

Detailed information and requested explanations for the year 01/01/2017 – 31/12/2017 are presented below:

a) Structure of the Company's share capital including the shares which are not traded in organized market in Greece or in any other member-state. Report for any share category along with the rights and obligations derived from these shares as well as portion on share capital that these shares represent.

The Company's share capital amounts to 50.775.248 euro, divided in 31.734.530 ordinary shares with nominal value of 1,60 Euro each.

All the above shares are listed for trading in the Securities Market of the Athens Stock Exchange (participating in "Athex All Share Index" and in "FTSE/Athex Global Traders Index") and represent 100% of the total share capital of the Company.

The owner of a share has voting rights in any shareholders Annual or Special General Meeting, whereas the number of votes increases proportionally (one vote for each share). Own shares bare no voting rights.

Each share bares all the rights and obligations set out in law and in the Articles of Association of the Company.

Shareholders are liable towards third parties and the Company up to the shares' nominal value.

Holding a single share entails the acceptance of the Company's Articles of Association and the General Meeting and the Board of Directors' decisions, given they are taken within the limits of their jurisdiction and the Law.

Each shareholder is considered as resident at the Company's headquarters and is liable to Greek laws.

b) Limits on transfer of Company Shares, as suggestively the limits in shares possession or in obligation for pre-approval by the Company, from other shareholders of Public or Administrative Authority, with saving clauses of Law 3371/2005, article 4, par. 2.

The Company shares may be transferred as provided by the law. According to the Articles of Association of the Company there are no restrictions as regards to the transfer of shares. These shares are listed in the Athens Stock Exchange and are incorporeal.

c) Significant direct or indirect holdings in the sense of the articles 9 and 11 of law 3556/2007.

On 31/12/2017 the shareholders that held more than 5%, directly or indirectly, of the total number of shares and voting rights of the Company are the following:

Shareholder's name	Number of shares	% of share capital
Alexandros Katsiotis	10.356.023	32,633%
Elli Drakopoulou	4.148.820	13,074%
Aikaterini Drakopoulou*	3.173.453	10,000%
Athanasia Drakopoulou*	3.173.453	10,000%
Eleni Katsioti	1.917.840	6,043%
TOTAL	**22.769.589**	**71,750%**

*Ms. Aikaterini Drakopoulou and Ms. Athanasia Drakopoulou hold the bare ownership of these 3.173.453 shares each while holding the power to exercise the voting rights as well as the preemptive rights arising from those shares, while Ms. Elli Drakopoulou reserves the right to usufruct of the total of those shares.

d) Shares conferring special control rights.

There are no company shares, which provide to their owners' special control rights.

e) Limitations on voting rights, as suggestively the limits in voting rights of shareholders with a defined percentage of share capital or to owners of defined number of voting rights and the deadlines for voting rights.

With the exception of treasury shares, there are no limitations on voting rights of shareholders with a defined percentage of share capital or to owners of defined number of voting rights and the deadlines for voting rights.

f) Agreements among Company Shareholders, which are known to the Company and entail limitations on the transferring of shares or on voting rights.

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights, nor is there any provision in the Articles of Association providing the possibility of such agreements.

g) Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association deviating from those provided for in the Codified Law 2190/1920.

The rules set out in the Articles of Association of the Company on the appointment and replacement of members of the Board of Directors as envisaged in Codified Law 2190/1920, as valid after law 3604/2007, are presented below:

1. The Board of Directors can elect its members in replacement of those resigned, passed away or misplaced their status with any other manner. The prerequisite for this election is that the replacement of the above mentioned members is not possible by alternate members potentially elected by General Meeting. The above mentioned election from the Board of Directors is done by the remaining members, if they are at least three (3), and it is valid until the end of the service of the replaced member.
2. It is explicitly defined that in cases of resignation, death or loss of status of member or members of

Board of Directors with any other manner, the remaining members can continue with managing and representing the Company without the replacement of absent members. The prerequisite is that the number of them exceeds half of the total number of members before the above mentioned events. In any case these members cannot be less than three (3).

3. In any case, the remaining members of Board of Directors, regardless the number, might proceed to a General Meeting with exclusive issue the election of new Board of Directors.

The terms of Articles of Association in regard with its amendments are not varied from the predefined terms in Codified Law 2190/1920, as valid.

h) Authority of the Board of Directors or certain of its members to issue new shares or to purchase the own shares of the Company, pursuant to article 16 of Codified Law 2190/1920.

The Board of Directors of the Company decides to call for the appointment of the Shareholders; General Meeting. Among the issues of the agenda of that Shareholders' General Meeting can be the issue of the new shares or the purchase of own shares as per article 16, of Codified Law 2190/1920.

Apart from the aforementioned case, the Board of Directors is restricted to the implementation of the relevant decisions taken during the General Meeting.

The decision of the General Meeting to establish the terms and conditions of scheduled acquisitions, and in particular, the maximum number of shares to be acquired, the duration for which the authorization is granted, which may not exceed 24 months, and in the case of acquisition under unfavorable conditions, the minimum and maximum value of purchase.

i) Significant agreements put in force, amended or terminated in the event of a change in the control of the Company, following a public offer. The results of this agreement would cause severe loss in the Company, except for the case of fact that the publicity of this agreement, due to the nature. The exception disclosure agreement does not apply if the obligation to disclose arises from other provisions.

"ELGEKA S.A." has no agreements which are put in force, amended or terminated in the event of a change in the control of the Company following a public offer.

j) Significant agreements with members of the Board of Directors or employees of the Company, for the payment of compensation on the case of resignation, or dismissal without ample explanation or termination of office or employment as a result of the public offer.

The Company has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without good reason or termination of their period of office or employment due to a public offer.

Municipality Delta – Industrial Area of Sindos, Thessaloniki

26 April 2018

Chairman of BoD & Managing Director

Alexandros Katsiotis