ELGEKA S.A.

GROUP OF COMPANIES

MANAGEMENT REPORT

FOR THE PERIOD

1 JANUARY – 30 JUNE 2019

SIX MONTH REPORT OF THE BOARD OF DIRECTORS OF "ELGEKA S.A. TRADE-DISTRIBUTIONS-REPRESENTATIONS-INDUSTRY" COVERING BOTH THE ACTIVITIES OF THE PARENT COMPANY AND THE GROUP, FOR THE PERIOD 1 JANUARY – 30 JUNE 2019 (In accordance with Law 3556/2007, article 5)

Dear shareholders,

We present to you for the first half of the current year 2019 (01/01/2019 - 30/06/2019) the present Six-month Report of the Board of Directors, which was prepared and is in accordance with the relevant provisions of L.3556/2007 (Government Gazette 91A/30.04.2007) and the executive decisions of the Board of Directors of the Capital Market Commission.

This report includes in condensed form financial performance of the period, reference to significant events during first semester of 2019, analysis of perspectives and risks that are expected to incur during the second semester of 2019, alternative performance measurement indicators, as well as an analysis of related party transactions. This information refers to both the Parent company and the Group ELGEKA as a whole.

The contents of the report are presented as follows:

1. FINANCIAL RESULTS & BUSINESS ACTIVITIES OF THE COMPANY & THE GROUP FOR THE PERIOD 01/01/2019 TO 30/06/2019

During the first semester of 2019, the Consolidated financial results of the Group are summarized as follows:

Turnover (sales) of the Group amounted to 83.481 thousand euro for the six-month period ended 30 June 2019 as opposed to 84.359 thousand euro for the respective period of 2018, presenting a marginal decrease, affected by the unfavorable conditions prevailing in the domestic market.

Sales per Segment (in thousand euro)	A' Semester 2019	A' Semester 2018	%
Trade of food and other consumer products	66.656	68.013	*(2,00%)*
Real estate	176	186	*(5,38%)*
Logistics services	16.649	16.160	*3,03%*
TOTAL	**83.481**	**84.359**	***(1,04%)***

Gross profit of the Group amounted to 13.882 thousand euro for the first semester of 2019 compared to 13.478 thousand euro of the corresponding period of 2018, an increase of 404 thousand euro or 3,00% in percentage.

Other operating income of the Group increased by 38,97% compared to the corresponding period of 2018, or by 1.441 thousand euro, mainly due to the increased rental income.

The Group's Operating Expenses presented marginal increase by 132 thousand euro or 0,86% and amounted to 15.494 thousand euro from 15.362 thousand euro in first half of 2018.

Earnings before interest, tax, depreciation and amortization (EBITDA) of the Group amounted to 7.639 thousand euro in the first semester of 2019 as opposed to 3.797 thousand euro in the first semester of 2018. Part of that change is due to the application of the new I.F.R.S. 16 "Leases" as of 01/01/2019, the consequence of which is the capitalization of the leases and their gradual amortization. Specifically, the positive impact from the implementation of I.F.R.S. 16 amounted to 2.267 thousand euro, i.e. comparable EBITDA stands at 5.372 thousand euro. The positive change of 1.575 thousand euro between comparable EBITDA is mainly due to the control of operating cost, the increase in gross profit margin, as well as the increase in other operating income.

At the segment level, there is a significant improvement both in "Trade of food and other consumer products" and in the segment of "Logistics services".

EBITDA per Segment (in thousand euro)	A' Semester 2019	A' Semester 2018	*Variation*
Trade of food and other consumer products	4.330	2.979	*1.351*
Real estate	(7)	(109)	*102*
Logistics services	3.457	1.013	*2.444*
Other	(141)	(86)	*(55)*
TOTAL	**7.639**	**3.797**	***3.842***

Operating profit of the Group amounted to 3.527 thousand euro in the first semester of 2019 against 1.814 thousand euro in the corresponding period of 2018, presenting an increase of 1.713 thousand euro, a result that is attributable to the causes mentioned above.

Other financial results of the Group amounted to loss of 33 thousand euro during the first semester of 2019 against profit of 288 thousand euro in the comparable period of 2018, due to the fact that in the comparable period were included profit from exchange differences of amount 321 thousand euro accrued from the liquidation of the subsidiary company "CERA VILLA S.R.L.".

Profit before tax of the Group amounted to 50 thousand euro in current period against loss of 1.207 thousand euro in first semester of 2018, showing a significant improvement of 1.257 thousand euro, which is the result of the causes mentioned above.

Profit after tax of the Group during the first semester of 2019 amounted to 302 thousand euro compared to loss of 773 thousand euro in the corresponding period of 2018, presenting an improvement of 1.075 thousand euro.

Profit per share of the Group reached 0,0058 euro in the first semester of 2019 compared to loss per share of 0,0165 euro in the comparable period of 2018.

Finally, the Results from total activities after tax and non-controlling interests of the Group amounted to profit of 185 thousand euro against loss of 523 thousand euro in the comparable period of 2018 as a consequence of the further improvement of the Group's operating results during 2019.

During the first half of 2019, ELGEKA Group focused on its profit margins improvement, through the achievement of a better sales mix, as well as on the further decrease of its operating cost. As a consequence, the Group has been able to achieve a significant improvement in its profitability while retaining its market shares. The key elements of the economic data which characterized the first half of 2019 the Group are briefly the following:

- The improved gross profit margin, which raised to 16,6% in the first half of 2019 compared to 16,0% in the corresponding period of 2018.
- The significant increase in Other Operating Income, mainly as a result of increased rental income.
- The improvement of operating result by 1.713 thousand euro as a result of the above factors.

- The marginal decrease in sales by 1,04%, despite the adverse conditions of the domestic economic environment.
- The improvement of net after tax results, which amounted to profits of 302 thousand euro in the first half of 2019 against losses of 773 thousand euro in the comparable period of 2018.

The main figures of Group's financial position are the following:

The net book value of Intangible Assets, Tangible Fixed Assets, Right-of-use Assets and the fair value of Investment Property of the Group amounted, as at 30/06/2019, to 79.586 thousand euro representing 49,63% of the Group's Total Assets as opposed to 68.371 thousand euro at 31/12/2018 (representing the 47,79% of the Group's Total Assets).

The Group shareholders' Equity amounted to 3.401 thousand euro as opposed to 3.406 thousand euro at 31/12/2018, stable in the same levels.

The Group's total Liabilities amounted to 156.946 thousand euro as opposed to 139.663 thousand euro in 31/12/2018, representing an increase by 12,37% (mainly due to the application of new I.F.R.S. 16 "Leases"). The Long term liabilities of the Group amounted to 37.784 thousand euro as opposed to 23.178 thousand euro in 31/12/2018, an increase of 63,02%.

The Group's Long term bank liabilities (long term liabilities payable within the following year included) amounted to 30.868 thousand euro as opposed to 24.523 thousand euro in 31/12/2018, representing an increase of 6.345 thousand euro.

Finally, the Group's Short term bank liabilities amounted to 43.189 thousand euro (26,93% of the Total Liabilities and Equity), decreased by 355 thousand euro as opposed to 31/12/2018, which amounted to 43.544 thousand euro.

As regards to the financial performance of the Parent Company is summarized as follows:

Turnover (sales) of "ELGEKA S.A." for the first half of 2019 amounted to 29.399 thousand euro as opposed to 30.902 thousand euro in the corresponding period of 2018, presenting a decrease by 4,86% as a consequence mainly of the weak consumer demand of the domestic economy.

Gross profit amounted to 9.518 thousand euro from 9.958 thousand euro in the corresponding period of 2018, decreased by 440 thousand euro or 4,42%, while gross profit margin presented improvement (32,38% against 32,22% in 2018).

Operating Expenses decreased by 2,05%, namely from 10.553 thousand euro in the six-month period of 2018 amounted to 10.337 thousand euro in the corresponding period of 2019, i.e. they were decreased by 216 thousand euro, as a consequence of the decreased sales.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to 2.986 thousand euro against 2.230 thousand euro in the first semester of 2018, presenting a significant increase of 33,90%, which is the result of the positive impact of the application of new I.F.R.S. 16 "Leases".

Operating profit amounted to 2.632 thousand euro in the six-month period of 2019 as opposed to 1.970 thousand euro of the corresponding period of 2018, an improvement of 662 thousand euro or 33,60% in percentage.

Profit before tax amounted to 850 thousand euro during the current period versus 159 thousand euro in the first semester of 2018, presenting an improvement of 691 thousand euro due to the above mentioned factors.

Profit after tax amounted to 946 thousand euro against 163 thousand euro in the previous year, an improvement of 783 thousand euro.

Profit per share of the Parent Company amounted to 0,0298 euro for the current period compared to 0,0051 euro for the corresponding period of 2018.

From the above data, it is obvious that despite the continued recession in the domestic market and especially in the segment of consumer products, the Parent Company achieved to maintain its market shares at relatively stable levels against its competitors. At the same time, keeping its operating costs at a low level has allowed it to improve its financial position and increase its profitability. The basic elements of economic data that characterized the current period at the Parent Company level briefly are the following:

- The maintaining of gross margin at stable levels (32,38% against 32,22% of the comparable period of 2018).
- The maintaining of operating cost at low levels.
- The decrease of sales by 4,86%.
- The continuously maintaining of provision for customer bad debts at low levels due to the particularly strict credit policy applied by the Company in recent years.

2. SIGNIFICANT EVENTS FOR THE PERIOD 01/01/2019 TO 30/06/2019

The most significant events which took place during first semester of 2019 are the following:

- On 12/02/2019, the Extraordinary General Meeting of the shareholders of the 99,99% subsidiary company "DIAKINISIS S.A. Warehousing - Transport - Packaging" decided: a) the reduction of its share capital by the amount of 9.900 thousand euro for the purpose of covering an equivalent amount of accounting losses, with a corresponding reduction of the nominal value of each share by one euro and twenty cents (€ 1,20), namely from two euro (€ 2,00) at eighty cents (€ 0,80) each, and b) the increase of its share capital by the amount of 6.400 thousand euro by cash payment and the issue of 8.000.000 new common registered shares of nominal value of eighty cents (€ 0,80) each, as well as the amendment of article 5 of its Articles of Association.

  This increase of the share capital of "DIAKINISIS S.A. Warehousing - Transport – Packaging" was fully covered by the company "ELG HOLDINGS SINGLE-MEMBER S.A.", which is a newly established 100% subsidiary of "ELGEKA S.A.". The nominal share capital of the new company amounts to 25.000 euro divided into 25.000 common registered shares of nominal value of one euro (€ 1,00) each. The main object of the company's activity is, among other things, the creation or participation in any way to domestic or foreign companies and enterprises of any kind, which have already been founded or will be established in the future, regardless of their corporate type and purpose.

  The aforementioned subsidiary company "ELG HOLDINGS SINGLE-MEMBER S.A." signed on 14/02/2019 a contract with the investment capital "Southbridge Europe Mezzanine SICAR", for the purpose of its financing by issuing a convertible and exchangeable bond loan of up to 6.400 thousand euro, the total amount of which was used to cover the increase in the share capital of "DIAKINISIS S.A." as above. The duration of the convertible exchangeable bond issued by "ELG HOLDINGS SINGLE-MEMBER S.A." is sixty six (66) months, with the payment of both the principal and the interest on the expiry of the loan, in case of non-conversion / exchange. The bond loan is either convertible into shares of "ELG HOLDINGS SINGLE-MEMBER S.A." or exchangeable in shares of "DIAKINISIS S.A." that holds "ELG HOLDINGS SINGLE-MEMBER S.A.".

Following the above, the new share capital of the subsidiary company "DIAKINISIS S.A. Warehousing - Transport - Packaging" amounts to totally 13.000 thousand euro divided into 16.250.000 common registered shares with nominal value of eighty cents (€ 0,80) each, while the total participation percentage of "ELGEKA S.A." to "DIAKINISIS S.A." remains at 99,99%, namely percentage 50,76% directly and percentage 49,23% indirectly through "ELG HOLDINGS SINGLE-MEMBER S.A.".

The strategic cooperation with the international investment scheme is an important development for the Group as:

- It strengthens one of ELGEKA's core operations, which is 3PL logistics in Greece, through its subsidiary DIAKINISIS.
- The increase in the share capital of DIAKINISIS contributes to the enhancement of its equity, to the unrestrained implementation of its business plans and the foundation of its strategic role in the country's logistics services sector.

- The investments in Fixed Assets and Investment Property for the first semester of 2019 amounted to 1.191 thousand euro and 60 thousand euro for the Group and the Parent Company, respectively.

b) Most important events after the end of the period up to the date of this Report.

"ELGEKA S.A." signed on 25/07/2019 a framework agreement for the issuance of a secured common bond loan up to the amount of Euro thirty eight million and fifty thousand (38.050.000 euro) with "ALPHA BANK S.A.". The loan has five years maturity, being issued according to L.4548/2018 and L.3156/2003, as they apply, and will be directed to the refinancing of already existing loan obligations of "ELGEKA S.A.". The loan will be immediately disbursed.

Also, the same date was signed by the subsidiary company "DIAKINISIS S.A. Warehousing – Transport – Packaging" contract for the issuance of a secured common bond loan up to the amount of Euro eleven million six hundred fifty thousand (11.650.000 euro) with "ALPHA BANK S.A.", under the guarantee of the Parent company "ELGEKA S.A.", in accordance with article 99 par. 3 item (st) of L. 4548/2018, to secure claims of the bondholders against "DIAKINISIS S.A." as a Publisher. The loan has five years maturity, being issued under the provisions of L. 4548/2018 and L. 3156/2003, as they apply, and will be directed to the refinancing of existing loan obligations of "DIAKINISIS S.A.".

The aforementioned bond loans will cover as original Bondholders "ALPHA BANK S.A.", "NATIONAL BANK OF GREECE S.A.", "EUROBANK ERGASIAS S.A." and "PIRAEUS BANK S.A.", pursuant to the terms and conditions contained in the respective Common Bonds Issuance Programs after the cover and primary distribution contracts and the appointment of the Paying Agent and the Bondholder Representative, prepared with the organizing bank "ALPHA BANK S.A.".

As part of the signing of the above contractual agreement, the Parent company "ELGEKA S.A." paid the amount of 6.120 thousand euro and "DIAKINISIS S.A. Warehousing – Transport – Packaging" the amount of 1.880 thousand euro, reducing the Group's total debt by 8.000 thousand euro.

There were no other events after the Financial Statements of June 30, 2019, that relate to either the Company or the Group, for which there is a requirement by International Financial Reporting Standards either reporting or modifying the published Financial Statements.

3. PERSPECTIVES – BUSINESS ACTIVITIES – MAIN RISKS AND UNCERTAINTIES FOR THE SECOND SEMESTER OF 2019

The first half of 2019 was characterized by the stabilization of the fundamental figures of the Greek economy at the low levels of recent years, but it was also affected by the pre-election periods - in view of the European elections and parliamentary elections, which usually negatively affect consumer behavior.

In particular, regarding the retail sector, households are constantly switching to non-branded products (private label products), to lower-cost products and bidding products, while they carry out more frequent visits to larger stores, reducing spending per visit. These data indicate that consumer loyalty to specific supermarket chains or specific products has fallen sharply over the past few years.

In this context, special offers and promotive actions were a clear commercial business strategy, as they had to explore new ways of reaching out to consumers in the battle to maintain market share and retain sales.

At the same time, consumers focused on finding ways to better manage their finances and were gradually educated, but also became familiar, with the search for the best possible choices in their purchases, making bids and promotions the main choice.

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 conditions enjoy higher market shares, while reversely companies that are unable to follow new trends find themselves quickly out of the market.

The second semester of 2019, the challenges will be faced by businesses is expected to be again significant. Consumers and businesses will be forced to cope with their limited income, a fact that implies that possible they will be exercised further pressures 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 new political landscape, as shaped by the July parliamentary elections, and the volatile scenery of economic and social activity at every level, it is certain that the conditions for the second half of 2019 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.

The segment of "Trade of food and other consumer goods", in which the Group operates in Greece through Parent "ELGEKA S.A." 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 the first half of 2019, the Parent Company ELGEKA managed to maintain its market shares at a stable level, control its operating cost and marginally increase its gross profit margin. This trend is expected to continue in the second half of 2019, despite the unfavorable conditions in the Greek economy.

In the market of private label products, in which ELGEKA Group operates through its subsidiary "G.S.B.G. S.A.", sales exceeded the amount of 11 million euro, namely increased by 5,9% in comparison with the corresponding period of 2018, while it has been further improved its operating profitability. The prospects appear positive for the second half of 2019 in a rapidly growing, but also particularly competitive, market.

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 the first semester of 2019, achieving increase of its gross profit margin as well as reduction of its operating cost, resulting to the improvement of its profitability at every level. "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 the second semester of 2019.

ELGEKA Group operates in the segment of "Logistics services" through company "DIAKINISIS S.A.". The specific 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, realizes a series of coordinated actions in order to further increase the market share that it holds in a market characterized by intense competition and low profit margins, as well as to retain its operating costs at a low level. In this context, during the first half of 2019, it managed to increase its sales by 2,8% and improve its profit margins at every level (operating, pre-tax, after-tax).

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 the second semester of 2019 are the following:

a) Price Changes Risk

The recession of the Greek economy has strongly differentiated the profile of the average consumer. The Greek economy has now come to a situation characterized by the very small but gradual growth of household consumption, while inflation is mainly 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 listed securities.

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 percentage 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 for company "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 obtains 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 strict credit policy against its customers in order to further reduce credit risk.

As a result, the Management considers that during the second semester of 2019 there will be not any significant credit risk that is not covered by some sort of collateral or adequate provisions for bad debts for both the Parent Company and for the rest 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 the second semester of 2019 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.

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.

d) Liquidity Risk (financial risk)

The Group serves its obligations based on its positive operating cash flows (before the variations of working capital), the high ratings received from financial institutions and in financial assets, whose value presented in Financial Statements approximate their fair values.

Group manages its risks that might occur due to limited liquidity by maintaining unused bank credit limits. In addition, as at 30/06/2019, the Group and the Parent hold 6.227 thousand euro and 4.156 thousand euro in cash respectively (31/12/2018: 5.890 thousand euro and 5.019 thousand euro, respectively).

Given the fact that at 30 June 2019 the Group and the Company has negative working capital by 55.454 thousand euro and 36.567 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 period (compared to 31.12.2018), namely by the amount of 3.336 thousand euro and 970 thousand euro for the Group and the Company respectively, indicating the correct strategy of the Management, while its expected to be zero until the end of the year.

Regarding the borrowings of the Group, the Management signed on 25/07/2019 a framework agreement for the issuance of secured common bond loans up to the amount of 49.700 thousand euro totally for companies “ELGEKA S.A.” and “DIAKINISIS S.A. Warehousing – Transport – Packaging”. These loans will be directed to the refinancing of already existing loan obligations of the two companies and will be immediately disbursed. The final signing of the agreement, which is expected to take place in the near future, is expected to resolve the issue of negative working capital as almost total short-term loans of the Group and the Company will become long-term. A detailed description is given in Note 14 to 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 2018, 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, as they have been replaced from 01/01/2019 by article 119 par.4 of L. 4548/2018. 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, as they have been replaced from 01/01/2019 by article 119 par.4 of L. 4548/2018.

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 cost, 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, difficulties in importing goods and services and the overall reduced economic activity, resulting in lower 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.

4. 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.

	01/01-30/06/2019	01/01-30/06/2018
Profit / (Losses) from operating activities	3.527	1.814
Depreciation of assets	4.156	2.027
Depreciation of asset subsidies	(44)	(44)
EBITDA	**7.639**	**3.797**

Adjusted EBITDA* (Earnings before interest, tax, depreciation and amortization, including lease expenses)

The implementation of the new I.F.R.S. 16 “Leases” as of 01/01/2019 has as a consequence the capitalization of the leases and their gradual depreciation. As a result, the EBITDA ratio, in the way it is computed, does not any longer take into account for lease expense, as it has been transformed partly into depreciation and partly into finance cost. For this reason, the Group monitors the Adjusted EBITDA* ratio, which results if the leasing expense is deducted from the EBITDA ratio.

	01/01-30/06/2019	01/01-30/06/2018
EBITDA	7.639	3.797
Leasing expenses	(2.267)	-
Adjusted EBITDA*	**5.372**	**3.797**

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.

	01/01-30/06/2019		01/01-30/06/2018	
	Comparable figure	**Margin**	**Comparable figure**	**Margin**
EBITDA	7.639	9,15%	3.797	4,50%
Adjusted EBITDA*	5.372	6,43%	3.797	4,50%
EBIT	3.527	4,22%	1.814	2,15%
EBT	50	0,06%	(1.207)	(1,43%)
Net income	302	0,36%	(773)	(0,92%)

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:

	30/06/2019	**31/12/2018**
Long-term loans	6.400	-
Short-term part of long-term loans	24.468	24.523
Short-term loans	43.189	43.544
Finance leases	16.613	17.029
Less: Cash and cash equivalents	(6.227)	(5.890)
Net borrowing	**84.443**	**79.206**

3) Operating working capital

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

	30/06/2019	**31/12/2018**
Inventory	13.160	13.686
Trade receivables and other receivables	32.844	29.620
Less: Suppliers and other trade liabilities	(34.974)	(36.402)
Operating working capital	**11.030**	**6.904**

5. RELATED-PARTY TRANSACTIONS (IN THOUSAND EURO)

Transactions and balances with related parties that have been eliminated on consolidation are presented in the following table:

	01/01/2019 - 30/06/2019		01/01/2018 - 30/06/2018	
Transactions with related parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Sales / Revenue from services	-	691	-	500
b) Purchases	-	1.587	2	1.595
c) Key management personnel and members of Board compensation	457	457	462	462

	30/06/2019		31/12/2018	
Balances with related parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Receivables	-	1.472	-	2.270
b) Liabilities	-	38	-	35
c) Receivables / Prepayments from / to key management personnel and members of Board	-	-	1	1
d) Payables to key management personnel and members of Board	1	1	-	-

The related-party transactions and Parent Company's intercompany balances for the first semester of 2019 are presented below:

Subsidiaries	**Sales / Income**	**Purchases/ Expenses**	**Receivables**	**Liabilities**
DIAKINISIS S.A.	604	1.584	1.304	35
G.S.B.G. S.A.	86	3	167	3
ELG HOLDINGSS S.A.	1	-	1	-
Total	**691**	**1.587**	**1.472**	**38**
Other Related Parties	**-**	**-**	**-**	**-**
Total of Subsidiaries and Other Related Parties	**691**	**1.587**	**1.472**	**38**

The related-party transactions and Parent Company's intercompany balances for the comparable period of 2018 are presented below:

Subsidiaries	**Sales / Income**	**Purchases/ Expenses**	**Receivables**	**Liabilities**
DIAKINISIS S.A.	434	1.593	2.156	35
G.S.B.G. S.A.	66	-	766	-
SAMBROOK PHARMACEUTICALS S.A.	-	-	9	-
Total	**500**	**1.593**	**2.931**	**35**
Other Related Parties	**-**	**2**	**-**	**-**
Total of Subsidiaries and Other Related Parties	**500**	**1.595**	**2.931**	**35**

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.

"DIAKINISIS S.A." charged "ELGEKA S.A." the following amounts:

- 1.538 thousand euro for distribution services, warehousing and repackaging.
- 46 thousand euro for rentals and other expenses

"ELGEKA S.A." charged "DIAKINISIS S.A." with the following amounts:

- 220 thousand euro for rentals
- 301 thousand euro for the provision of consulting services
- 83 thousand euro for co-location costs (lighting, water) and other expenses

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

"ELGEKA S.A." charged "G.S.B.G. S.A." with the following amounts:

- 71 thousand euro for the provision of consulting services
- 15 thousand euro for other expenses

"G.S.B.G. S.A." charged "ELGEKA S.A." with the following amounts:

- 3 thousand euro for the sale of goods

3. ELGEKA S.A. – ELG HOLDINGS S.A.

"ELGEKA S.A." charged "ELG HOLDINGS S.A." with the following amounts:

- 1 thousand euro for rentals

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 during the first semester of 2019 there were no transactions between "ELGEKA S.A." and companies in the share capital of which they participate with more than 10% members of the Board of Directors or its shareholders with at least 10%.

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 the first semester of 2019.

All aforementioned transactions were accomplished under the standard market rules.

Industrial Area of Sindos – Municipality of Delta, Thessaloniki,
26 September 2019

President of the Board of Directors &
Managing Director
Alexandros Katsiotis