ELGEKA S.A.

GROUP OF COMPANIES

MANAGEMENT REPORT

FOR THE PERIOD

1 JANUARY – 30 JUNE 2020

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 2020
(In accordance with Law 3556/2007, article 5)

Dear shareholders,

We present to you for the first half of the current year 2020 (01/01/2020 - 30/06/2020) 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 2020, analysis of perspectives and risks that are expected to incur during the second semester of 2020, 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 01/01/2020 TO 30/06/2020

During the first semester of 2020, the Consolidated financial results of the Group are summarized as follows:

Turnover (sales) of the Group amounted to 92.022 thousand euro for the six-month period ended 30 June 2020 as opposed to 83.481 thousand euro for the respective period of 2019, presenting an increase of 10,45%, positively affected by the increase in consumption in the retail trade of food and other consumer goods.

Sales per Segment (in thousand euro)	A' Semester 2020	A' Semester 2019	%
Trade of food and other consumer products	75.873	66.656	*13,83%*
Real estate	152	176	*(13,64%)*
Logistics services	16.177	16.649	*(2,84%)*
TOTAL	**92.202**	**83.481**	***10,45%***

Gross profit of the Group amounted to 15.352 thousand euro for the first semester of 2020 compared to 13.882 thousand euro of the corresponding period of 2019, an increase of 1.470 thousand euro or 10,59% in percentage.

Other operating income of the Group decreased by 9,28% compared to the corresponding period of 2019, or by 477 thousand euro, mainly due to the occurrence of non-recurring events during the comparable period.

The Group's Operating Expenses presented marginal increase by 1.355 thousand euro or 8,75% in the context of the difficult conditions created due to Coronavirus and the need for further market support and amounted to 16.849 thousand euro from 15.494 thousand euro in the first half of 2019.

Earnings before interest, tax, depreciation and amortization (EBITDA) of the Group amounted to 7.077 thousand euro in the first semester of 2020 as opposed to 7.639 thousand euro in the first semester of 2019. The change of

562 thousand euro is mainly due to the aforementioned increase in Operating Expenses, as well as the decrease 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 2020**	**A' Semester 2019**	***Variation***
Trade of food and other consumer products	3.971	4.330	*(359)*
Real estate	12	(7)	*19*
Logistics services	3.238	3.457	*(219)*
Other	(144)	(141)	*(3)*
TOTAL	**7.077**	**7.639**	***(562)***

Operating profit of the Group amounted to 3.165 thousand euro in the first semester of 2020 against 3.527 thousand euro in the corresponding period of 2019, presenting a decrease of 362 thousand euro, a result that is attributable to the causes mentioned above.

Other financial results of the Group amounted to loss of 346 thousand euro during the first semester of 2020 against 33 thousand euro in the comparable period of 2019, due to an extraordinary non-recurring transaction which resulted in a loss of 315 thousand euro in the first half of 2020.

Loss before tax of the Group amounted to 335 thousand euro in current period against profit of 50 thousand euro in first semester of 2019, showing a deterioration of 385 thousand euro, which is the result of the causes mentioned above.

Loss after tax of the Group during the first semester of 2020 amounted to 87 thousand euro compared to profit of 302 thousand euro in the corresponding period of 2019, presenting a negative change of 389 thousand euro.

Loss per share of the Group reached 0,0084 euro in the first semester of 2020 compared to profit per share of 0,0058 euro in the comparable period of 2019.

Finally, the Results from total activities after tax and non-controlling interests of the Group amounted to loss of 267 thousand euro against profit of 185 thousand euro in the comparable period of 2019.

During the first half of 2020, ELGEKA Group focused on expanding its shares in the various markets of its activity, while keeping its operating costs at the low levels of the previous years. As a consequence, the Group has managed to realize a significant increase in its sales, both in Greece and Romania, and at the same time to maintain its operating profitability at relatively stable levels. The key elements of the economic data which characterized the first half of 2020 the Group are briefly the following:

- The significant increase in sales by 10,45%, which is due to the increase in sales of food and other consumer goods both in the domestic market (+ 16,32%) and in the Romanian market (+ 10,00%).
- The maintenance of the gross profit margin at constant levels (16,7%).
- The reduction of financial costs by 317 thousand euro or in percentage points by 9,15%, due to the restructuring of borrowing that took place in mid-2019.

- The net result after tax amounted to losses of 87 thousand euro in the first half of 2020 against profit of 302 thousand euro in the comparable period of 2019, which is mainly due to the charge of the result of the current period with loss from extraordinary transaction amounting to 315 thousand euro.

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 30/06/2020, to 72.382 thousand euro representing 45,57% of the Group's Total Assets as opposed to 75.752 thousand euro at 31/12/2019 (representing the 47,69% of the Group's Total Assets).

The Group shareholders' Equity amounted to 4.257 thousand euro as opposed to 4.659 thousand euro at 31/12/2019, decreased by the amount of 402 thousand euro.

The Group's total Liabilities amounted to 154.579 thousand euro as opposed to 152.772 thousand euro in 31/12/2019, representing an increase by 1,18%. The Long term liabilities of the Group amounted to 85.844 thousand euro as opposed to 80.873 thousand euro in 31/12/2019, an increase of 6,15%.

The Group's Long term bank liabilities (long term liabilities payable within the following year included) amounted to 59.529 thousand euro as opposed to 52.902 thousand euro in 31/12/2019, representing an increase of 6.627 thousand euro.

Finally, the Group's Short term bank liabilities amounted to 11.498 thousand euro (7,24% of the Total Liabilities and Equity), decreased by 1.530 thousand euro as opposed to 31/12/2019, which amounted to 13.028 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 2020 amounted to 32.377 thousand euro as opposed to 29.399 thousand euro in the corresponding period of 2019, presenting an increase of 10,13%, as a consequence of the increased consumer demand for food and other basic consumer goods during the period of "lock down" of the Greek Economy.

Gross profit amounted to 10.777 thousand euro from 9.518 thousand euro in the corresponding period of 2019, increased by 1.259 thousand euro or 13,23%, while gross profit margin presented improvement (33,29% against 32,38% in 2019).

Operating Expenses increased by 8,16%, namely from 10.337 thousand euro in the six-month period of 2019 amounted to 11.181 thousand euro in the corresponding period of 2020, i.e. they were increased by 844 thousand euro, as a consequence of the increased sales as well as in the context of the difficult conditions created due to Coronavirus and the need for further market support.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to 2.228 thousand euro against 2.986 thousand euro in the first semester of 2019, presenting a decrease of 758 thousand euro, which is the mainly the result of the aforementioned increase in Operating Expenses as well as the decrease in Other Operating Income.

Operating profit amounted to 1.935 thousand euro in the six-month period of 2020 as opposed to 2.632 thousand euro of the corresponding period of 2019, a decrease of 697 thousand euro.

Profit before tax amounted to 385 thousand euro during the current period versus 850 thousand euro in the first semester of 2019, presenting a decrease of 465 thousand euro due to the above mentioned factors.

Profit after tax amounted to 479 thousand euro against 946 thousand euro in the previous year, presenting a decrease of 467 thousand euro.

Profit per share of the Parent Company amounted to 0,0151 euro for the current period compared to 0,0298 euro for the corresponding period of 2019.

From the above data it appears that the Parent Company managed during the current period to expand its market share and at the same time to keep its operating costs at low levels, despite the fact that the extraordinary conditions caused by the spread of the Covid-19 pandemic had as result the realization of extraordinary expenses. The basic elements of economic data that characterized the current period at the Parent Company level briefly are the following:

- The significant increase in sales by 10,13%, with a parallel increase in gross profit margin from 32,38% in the comparable period of 2019 to 33,29%.
- 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.
- The reduction of financial costs by 232 thousand euro or in percentage points by 13,02%, due to the restructuring of borrowing that took place in mid-2019.

2. SIGNIFICANT EVENTS FOR THE PERIOD 01/01/2020 TO 30/06/2020

The most significant events which took place during first semester of 2020 are the following:

- The spread of COVID-19, which in March 2020 was declared as a pandemic by the World Health Organization, has affected business and economic activity worldwide, hitting to a greater or lesser extent the markets in which the Group operates. On 13/03/2020, the Greek Government issued its decision to impose a temporary suspension of operation of a number of retail stores, shopping malls and other gathering places, in order to limit the spread of the coronavirus, while measures were imposed to restrict the mobility of citizens. As a result, the most sectors of the Greek economy was significantly affected by reduced or even zero consumption, while the retail sector of food and other consumer goods received a significant increase in its size, as much of the available consumer income was directed to it. However, one of the most important sectors of the Greek economy, tourism, suffered a major blow from the spread of the pandemic and as a result counter-pressures were exerted on the retail trade. This situation creates conditions for volatility of business activity and economic figures.

  The Group closely monitors the developments regarding the spread of the coronavirus, in order to adapt to the special conditions that arise for dealing with and limiting its spread. For this reason, the possible effects of the pandemic are monitored and evaluated, setting as a priority the protection of the health and safety of its employees, customers and other associates. Complies with the official instructions of the competent authorities for the operation of its facilities in the countries in which it operates, while at the same time examines all the actions necessary to protect the financial figures of the Company and the Group and ensure their operation with the restrictions that have being imposed but also to take measures for the smooth recommencement of all their activities, after the gradual lifting of the restrictive measures.

- The investments in Fixed Assets and Investment Property for the first semester of 2020 amounted to 801 thousand euro and 104 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.

There were no events after the Financial Statements of June 30, 2020, 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 2020

The first half of 2020 was marked by the spread of COVID-19 and the response measures taken both domestically and internationally. A significant part of the Greek Economy ceased its activity in whole or in part for a period of few months (mid-March to May - June), significant restrictions were placed on the mobility of citizens, while tourism suffered a major blow and together with it the entire domestic economy.

This situation has had the effect of affecting both domestic and international consumption in terms of both quantity and quality. In particular, consumers were faced with a situation where on the one hand their incomes decreased, while at the same time conditions of uncertainty were created regarding their future incomes, on the other hand their needs were de facto reduced, due to the cessation of activity of great part of the Economy.

As a consequence of the above, many sectors of the Economy experienced zero activity for the specific period, other sectors received significant reductions, while a few sectors were found to face significantly increased activity.

In particular, the retail sector of food and other consumer goods increased its activity, as a significant part of consumption was directed to it either for reasons of increased needs or for reasons of household stocking. However, the significant reduction in the number of tourists and consequently in tourism revenue, but also in the resulting consumption, worked in reverse to the aforementioned increase in retail activity and tended to limit it. Given the fact that the greatest part of tourism flows takes place in July, August and September, i.e. outside the reporting period of this Report, it appears that most of the impact of significantly reduced tourist traffic will be reflected in the size of domestic business activity in second half of 2020.

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 2020, the challenges will be faced by businesses is expected to be significant. Consumers and businesses will be called upon to address the consequences of the prolonged cessation of economic activity due to the measures taken to tackle the COVID-19 pandemic. Both the European and Greek economies have entered into a recession and as a result strong pressures will be exerted on household consumption and consequently on the financial figures of businesses. In addition, the possibility of an increase in the number of cases again and therefore the imposition of new restrictive measures significantly increases the conditions of uncertainty for the second half of 2020. Therefore, it is considered certain that the conditions for 2020 will be particularly demanding.

It is also a fact that the sectors of the Economy in such periods are not affected equally, but there are sectors where they are strongly affected, sectors that face a lesser impact of the recession and sectors that are not affected at all.

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.

The main areas of activity of the Group, namely the marketing of consumer products and the provision of logistics services, are areas that are considered “defensive sectors” in the sense that the impact of the emerging recession of the Greek Economy is expected to be smaller than other sectors.

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 2020, the Parent Company ELGEKA achieved to increase its sales, to control its operating cost and increase its gross profit margin. This trend is expected to continue in the second half of 2020, 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 14.7 million euro, namely increased by 32,7% in comparison with the corresponding period of 2019, while it has been further improved its operating profitability. The outlook for the second half of 2020, taking into account the possible effects of Coronavirus, is favorable in a highly 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 2020, achieving increase of its sales by 10,00%, 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 2020.

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 2020, it achieved to restrain the decrease of its sales to low levels (- 1,7%) and to decrease its operating cost and retain its profitability at relatively stable levels.

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 2020 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, a fact that has been achieved and confirmed by the absence of significant bad debts in recent years.

As a result, the Management considers that during the second semester of 2020 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 2020 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 30/06/2020, the Group and the Parent hold 3.778 thousand euro and 1.609 thousand euro in cash respectively (31/12/2019: 2.219 thousand euro and 1.254 thousand euro, respectively).

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 2019, the Company's Equity is less than 50% of the share capital and therefore applies the conditions for application of article 119, par.4 of L. 4548/2018, as it is valid since 01/01/2019. However, the achievement of net profitability during the year 2019 and the consequent increase of the Equity of the Parent Company contributed to the improvement of this index compared to the previous year. 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 119 par.4 of L. 4548/2018, as it is valid since 01/01/2019.

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. 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 of extraordinary events

With the appearance of COVID-19 and the occurrence of the resulting pandemic, the Group and the Company immediately took the necessary measures to ensure a high level of functional hygiene of its employees and safe business operation at every level. The total cessation of economic activity, in the context of measures to reduce the pandemic at domestic and international level, is expected to affect the economy as a whole, but to varying degrees from sector to sector.

The impact of the pandemic on the Financial Statement of the Group and the Company, as it has been formed until the date of preparation of the attached Financial Statements is not essential, since their sales and operating costs are within the budgeted levels.

This is mainly due to the main areas of activity of the Group, namely the trade of food and other consumer goods and the provision of logistics services, areas which in the short term showed strong resistance to declining economic activity, while in the medium to long term are expected to be highly defensive sectors. In addition, the profile of the Group's clientele (large and medium retail chains) and the fact that it is composed mostly of customers with increased demand products (food, medicine, hygiene products) for the current period is a factor that protects the financial figures of the Group.

A relevant forecast beyond the reporting period (i.e. after the signing of the Financial Statements) is not possible, mainly due to the uncertainty about the evolution and duration of the pandemic and consequently the measurement of its impact on the Group's business cycle.

h) 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.

	01/01-30/06/2020	01/01-30/06/2019
Profit / (Losses) from operating activities	3.165	3.527
Depreciation of assets	3.955	4.156
Depreciation of asset subsidies	(43)	(44)
EBITDA	**7.077**	**7.639**

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.

	01/01-30/06/2020	01/01-30/06/2019
EBITDA	7.077	7.639
Leasing expenses	(2.151)	(2.267)
Adjusted EBITDA*	**4.926**	**5.372**

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.

	01/01-30/06/2020		01/01-30/06/2019	
	Comparable figure	**Margin**	**Comparable figure**	**Margin**
EBITDA	7.077	7,68%	7.639	9,15%
Adjusted EBITDA*	4.926	5,34%	5.372	6,43%
EBIT	3.165	3,43%	3.527	4,22%
EBT	(335)	(0,36%)	50	0,06%
Net income	(87)	(0,09%)	302	0,36%

2) <u>Net borrowing</u>

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:

	30/06/2020	31/12/2019
Long-term loans	57.581	51.352
Short-term part of long-term loans	1.948	1.550
Short-term loans	11.498	13.028
Finance leases	15.753	16.187
Less: Cash and cash equivalents	(3.778)	(2.219)
Net borrowing	**83.002**	**79.898**

3) Operating working capital

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

	30/06/2020	31/12/2019
Inventory	14.507	14.392
Trade receivables and other receivables	38.399	33.206
Less: Suppliers and other trade liabilities	(38.356)	(40.612)
Operating working capital	**14.550**	**6.986**

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:

	01/01/2020 - 30/06/2020		01/01/2019 - 30/06/2019	
Transactions with related parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Sales / Revenue from services	894	622	-	691
b) Purchases	5	1.775	-	1.587
c) Key management personnel and members of Board compensation	485	455	457	457

	30/06/2020		31/12/2019	
Balances with related parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Receivables	551	956	698	1.212
b) Liabilities	3	7.307	73	2.997
c) Receivables / Prepayments from / to 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 the first semester of 2020 are presented below:

Subsidiaries	**Sales / Income**	**Purchases/ Expenses**	**Receivables**	**Liabilities**
DIAKINISIS S.A.	500	1.707	505	4.543
ELGEKA FERFELIS ROMANIA S.A.	-	-	3	-
ELG HOLDINGSS S.A.	1	-	-	-
G.S.B.G. S.A.	107	-	437	-
ELGEKA CYPRUS LTD	-	67	-	2.763
Total	**608**	**1.774**	**945**	**7.306**
Other Related Parties	**14**	**1**	**11**	**1**
Total of Subsidiaries and Other Related Parties	**622**	**1.775**	**956**	**7.307**

The related-party transactions and Parent Company's intercompany balances for the comparable period 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**

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:

- 1.670 thousand euro for distribution services, warehousing and repackaging.
- 37 thousand euro for rentals and other expenses

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

- 218 thousand euro for the provision of consulting services
- 220 thousand euro for rentals
- 62 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:

- 79 thousand euro for the provision of consulting services
- 28 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

4. ELGEKA S.A. – ELGEKA (CYPRUS) LTD

"ELGEKA (CYPRUS) LTD" charged "ELGEKA S.A." with the following amounts:

- 67 thousand euro for loan interest

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 2 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 the first semester of 2020.

All aforementioned transactions were accomplished under the standard market rules.

Industrial Area of Sindos – Municipality of Delta, Thessaloniki,
29 September 2020

President of the Board of Directors &
Managing Director
Alexandros Katsiotis