ELGEKA S.A.

GROUP OF COMPANIES

MANAGEMENT REPORT

FOR THE PERIOD
1 JANUARY – 30 JUNE 2021

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 2021 (In accordance with Law 3556/2007, article 5)

Dear shareholders,

We present to you for the first half of the current year 2021 (01/01/2021 - 30/06/2021) 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 2021, analysis of perspectives and risks that are expected to incur during the second semester of 2021, 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 01/01/2021 TO 30/06/2021

During the first semester of 2021, the Consolidated financial results of the Group are summarized as follows:

Turnover (sales) of the Group amounted to 90.408 thousand euro for the six-month period ended 30 June 2021 as opposed to 92.202 thousand euro for the respective period of 2020, presenting decrease of 1,95%, mainly as a result of the normalization of market conditions during of 2021 in contrast to the first half of 2020 in which a series of measures taken in response to the COVID-19 pandemic had pushed for a significant increase in the size of trade of food and other consumer goods.

Sales per Segment (in thousand euro)	A' Semester 2021	A' Semester 2020	%
Trade of food and other consumer products	71.748	75.873	*(5,44%)*
Real estate	183	152	*20,39%*
Logistics services	18.477	16.177	*14,22%*
TOTAL	**90.408**	**92.202**	***(1,95%)***

From the analysis of sales by segment of activity of the Group, it is observed that the segment of "Trade of food and other consumer goods" contributed negatively to the development of sales of the Group as a result of the aforementioned fact, while the segment of "Logistics Services" benefits from the combination of new partnerships that have taken place since the end of 2020 and the gradual shift of consumers to e-commerce in contrast to consumption in physical stores.

Gross profit of the Group amounted to 15.867 thousand euro for the first semester of 2021 compared to 15.352 thousand euro of the corresponding period of 2020, an increase of 515 thousand euro or 3,35% in percentage. The gross profit margin amounted to 17,55% compared to 16,65% in the corresponding period of 2020, benefiting from the diversification of the sales mix in the individual operating segments of the Group.

Other operating income of the Group presented a marginal decrease by 1,87% compared to the corresponding period of 2020, or by 87 thousand euro.

The Group's Operating Expenses presented a marginal increase by 65 thousand euro or 0,39% and amounted to 16.914 thousand euro from 16.849 thousand euro in the first half of 2020, maintaining the cost base of the Group at constant levels within a demanding and highly competitive environment and contributing significantly to the improvement of its financial figures.

Earnings before interest, tax, depreciation and amortization (EBITDA) of the Group amounted to 7.537 thousand euro in the first semester of 2021 as opposed to 7.077 thousand euro in the first semester of 2020. The positive change of 457 thousand euro is mainly due to the aforementioned increase in Gross profit, in combination with the conservation of Operating Expenses at constant levels.

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 2021**	**A' Semester 2020**	***Variation***
Trade of food and other consumer products	3.663	3.971	*(308)*
Real estate	65	12	*53*
Logistics services	3.924	3.238	*686*
Other	(118)	(144)	*26*
TOTAL	**7.534**	**7.077**	***457***

Operating profit of the Group amounted to 3.528 thousand euro in the first semester of 2021 against 3.165 thousand euro in the corresponding period of 2020, presenting an increase of 363 thousand euro, a result that is attributable to the causes mentioned above.

Other financial results of the Group amounted to loss of 38 thousand euro during the first semester of 2021 against 346 thousand euro in the comparable period of 2020, due to an extraordinary non-recurring transaction during the comparable period of 2020 which resulted in realization of a loss of 315 thousand euro.

Profit before tax of the Group amounted to 464 thousand euro in current period against loss of 335 thousand euro in first semester of 2020, showing an improvement of 799 thousand euro, which is the result of the causes mentioned above.

Profit after tax of the Group during the first semester of 2021 amounted to 684 thousand euro compared to loss of 87 thousand euro in the corresponding period of 2020, presenting a positive change of 771 thousand euro.

Profit per share of the Group reached 0,0061 euro in the first semester of 2021 compared to loss per share of 0,0084 euro in the comparable period of 2020.

Finally, the Results from total activities after tax and non-controlling interests of the Group amounted to profit of 195 thousand euro against loss of 267 thousand euro in the comparable period of 2020.

In the first half of 2021, ELGEKA Group focused on addressing market normalization conditions after a year in which demand in the food and other consumer products sector increased significantly. The actions it carried out (new partnerships, promotions) resulted in the conservation of its sales, while the improvement of the product sales mix and the maintenance of its operating costs at constant levels contributed to the improvement of its profit margins. The key elements of the economic data which characterized the first half of 2021 the Group are briefly the following:

- The slight decrease in sales by 1,95%, after a year where measures to deal with the pandemic and restriction of citizens' movement had resulted in the largest increase in demand in retail at least in the last decade.
- The improvement of the gross profit margin from 16,65% to 17,55%.
- The conservation of operating costs at stable levels resulting in the EBIT margin (Earnings before interest and taxes) to be formed to 3,90% in the first half of 2021 compared to 3,43% in the comparable period of 2020.

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

The net book value of Intangible Assets, Tangible Fixed Assets and the fair value of Investment Property of the Group amounted, as at 30/06/2021, to 59.914 thousand euro representing 38,09% of the Group's Total Assets as opposed to 60.980 thousand euro at 31/12/2020 (representing the 39,87% of the Group's Total Assets).

The Group shareholders' Equity amounted to 7.083 thousand euro as opposed to negative amount of 229 thousand euro that was on December 31, 2020, increased by the amount of 7.312 thousand euro due to the on-going share capital increase of the Parent Company. It is pointed out that on 30/06/2021 the amount of 7.459 thousand euro has been incorporated in the Equity, which concerns amounts intended for the increase of the share capital, while from the successful completion of the process at the end of July a total capital of 10.853 thousand euros was raised. Therefore, the Group's Equity after 30/06/2021 presents a further significant improvement.

The Group's total Liabilities amounted to 150.219 thousand euro as opposed to 150.730 thousand euro in 31/12/2020, representing a decrease by 0,34%. The Long-term liabilities of the Group amounted to 81.574 thousand euro as opposed to 83.530 thousand euro in 31/12/2020, a decrease of 2,34%.

The Group's Long term bank liabilities (long term liabilities payable within the following year included) amounted to 58.233 thousand euro as opposed to 58.896 thousand euro in 31/12/2020, representing a decrease of 663 thousand euro.

Finally, the Group's Short term bank liabilities amounted to 12.849 thousand euro (8,30% of the Total Liabilities and Equity), marginal increased by 130 thousand euro as opposed to 31/12/2020, which amounted to 12.719 thousand euro. This increase comes from the increased use of factoring services with the right of reduction.

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 2021 amounted to 32.062 thousand euro as opposed to 32.377 thousand euro in the corresponding period of 2020, marginally decreased by 0,97%.

Gross profit amounted to 10.899 thousand euro from 10.777 thousand euro in the corresponding period of 2020, increased by 122 thousand euro or 1,13%, while gross profit margin presented a slight improvement (33,99% against 33,29% in 2020).

Operating Expenses increased by 1,81%, namely from 11.181 thousand euro in the six-month period of 2020 amounted to 11.383 thousand euro in the corresponding period of 2021, i.e. they were increased by 202 thousand euro.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to 2.021 thousand euro against 2.228 thousand euro in the first semester of 2020, presenting a decrease of 207 thousand euro, which is the mainly the result of the aforementioned slight increase in Operating Expenses.

Operating profit amounted to 1.729 thousand euro in the six-month period of 2021 as opposed to 1.935 thousand euro of the corresponding period of 2020, a decrease of 206 thousand euro.

Profit before tax amounted to 661 thousand euro during the current period versus 385 thousand euro in the first semester of 2020, presenting an increase of 276 thousand euro, benefiting from the distribution of an interim dividend of 490 thousand euro by the subsidiary company “ELGEKA (CYPRUS) LTD”.

Profit after tax amounted to 695 thousand euro against 479 thousand euro in the previous year, presenting an increase of 216 thousand euro.

Profit per share of the Parent Company amounted to 0,0219 euro for the current period compared to 0,0151 euro for the corresponding period of 2020.

From the above data it appears that the Parent Company managed during the current period to maintain its sales at relatively constant levels, to improve its gross profit margin and, at the same time, to control its operating cost. The basic elements of economic data that characterized the current period at the Parent Company level briefly are the following:

- The marginal decrease in sales by 0,97%, with a parallel increase in gross profit margin from 33,29% in the comparable period of 2020 to 33,99%.
- The restraint of operating expenses within acceptable framework (marginal increase of 1,81%).
- The recording of income of 490 thousand euro due to an interim dividend distributed by a subsidiary.

2. SIGNIFICANT EVENTS FOR THE PERIOD 01/01/2021 TO 30/06/2021

The most significant events which took place during first semester of 2021 are the following:

- The Extraordinary General Meeting of Shareholders of the Parent Company “ELGEKA S.A.” of December 11, 2020, approved the reduction of the share capital of the Company by the amount of 43.159 thousand euro with a reduction of the nominal value of each common registered voting share of the Company from 1,60 euro to 0,24 euro, and with the equivalent write-off (offset) of accumulated accounting losses of previous years, namely the amount of 43.159 thousand euro. This method is a rehabilitation method, as the Company presents its financial position more clearly. In addition, the same Extraordinary General Meeting approved the increase of the share capital of the Company up to the amount of 6.855 thousand euro with cash payment and pre-emptive right in favor of the existing shareholders, in accordance with article 26 of L.4548/2018, as in force, and the issuance of up to twenty-eight million five hundred sixty-one thousand seventy-seven (28.561.077) new common registered voting shares, with a nominal value of 0,24 euro each, in a ratio of nine (9) new shares for every ten (10) old shares.

Following the relevant authorization of the above General Meeting to the Board of Directors of the Company in order to set the issue price of the New Shares, the Board of Directors with a relevant decision on 23.06.2021 set the issue price at 0,38 euro per New Share.

After the above increase and in case it is fully covered, the amount of the nominal increase of the share capital of the Company will amount to 6.855 thousand euro and will be collected with the issuance of 28.561.077 new registered voting shares of nominal value € 0,24 each. In addition, based on the Issue Price of the New Shares, the total funds raised, in case the increase is fully covered, will amount to 10.853 thousand euro, while the difference between the nominal value of the New Shares and the Issue Price of a total amount of 3.998 thousand euro will be credited to the account "Difference from the issue of equity shares above par".

In the context of the above share capital increase, the main shareholders of the Company had deposited until 30.06.2021 in its special account the amount of 7.459 thousand euro. Therefore, in the Statement of Financial Position of the Group and the Company as of June 30, 2021, the above amount appears as "Amounts intended for share capital increase".

On June 28, 2021, the Company made available to investing public the Prospectus, as approved by the Board of Directors of the Hellenic Capital Market Commission on 25.06.2021, that was drafted in accordance with the provisions of Regulation (EU) 2021/337 amending Regulation (EU) 2017/1129 as regards the Prospectus for the recovery of the EU, Regulation (EU) 2017/1129, the delegated Regulations (EU) 2019/979 and 2019/980 and L. 4706/2020, as in force.

- 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.

  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 smooth operation.

- The investments in Fixed Assets and Investment Property for the first semester of 2021 amounted to 985 thousand euro and 249 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.

The share capital increase with cash payment and pre-emptive right in favor of the existing shareholders that was decided by the Extraordinary General Meeting of Company's Shareholders on 11.12.2020 in combination with the decision of the Company's Board of Directors of 23.06.2021 and took place from 06.07.2021 until 19.07.2021, was successfully completed and was fully covered by raising funds of total amount 10.853 thousand euro through the exercise of pre-emptive rights and pre-subscription rights, by the existing shareholders and those who acquired the pre-emptive rights during the trading period and given that they fully exercised their pre-emptive rights.

More specific:

- through the exercise of pre-emptive rights was covered 79,69% of the amount of the increase with the payment of a total amount of 8.649 thousand euro corresponding to 22.761.355 new common registered voting shares, while 5.799.722 new shares remained unallocated.
- through the exercise of the pre-subscription right was covered the remaining percentage of 20,31% of the amount of the increase by the payment of a total amount of 2.204 thousand euro, which corresponds to 5.799.722 new common registered voting shares.

With the decision of the Company's Board of Directors dated 20.07.2021 was approved the distribution of the above 5.799.722 unallocated new shares, proportionally, based on the total 20.940.906 new shares requested by investors through pre-subscriptions.

As a consequence of the above and the decision of the Company's Board of Directors dated 22.07.2021, which certified the Share Capital Increase, the final coverage percentage of the Increase amounted to 100% and the total amount of funds raised in 10.853 thousand euro.

Following the above, the Share Capital of the Company increased by 6.855 thousand euro with the issue of 28.561.077 new common registered voting shares, with a nominal value of 0,24 euro each, while the amount of 3.998 thousand euro will be to credit the account "Difference from the issue of equity shares above par". Thus, the Share Capital of the Company amounts to 14.4701 thousand euro and is divided into 60.295.607 common registered voting shares, with a nominal value of 0,24 Euro each.

There are no other events that took place after the date of Financial Statements that relate either to Group or to Company, for which it is required by International Financial Reporting Standards a relevant disclosure.

3. PERSPECTIVES – BUSINESS ACTIVITIES – MAIN RISKS AND UNCERTAINTIES FOR THE SECOND SEMESTER OF 2021

The first half of 2021 was characterized by the gradual normalization of the conditions prevailing in the markets, regarding the measures taken to deal with the COVID-19 pandemic during the previous year as well as the return of economic activity to normal levels. During this period, the Greek economy recorded positive growth rates, benefiting also from the fact of the reactivation of the tourism sector, which is one of its cornerstones.

Citizens have gradually returned to their familiar way of life either as consumers, without restrictions on their travels and in the way they spend their disposable income, or as employees, fully reactivated and with a physical presence in their workplaces. However, restrictive measures continue to be in place, albeit to a lesser extent, while some of the behaviors developed during 2020 will continue to be followed in the coming years. At the same time, the risk of a new escalation of the pandemic, with all that this may entail for the smooth conduct of economic activity, continues to exist and is a factor of increasing uncertainty and business risk.

An important element of the first half of 2021 is that a number of factors at the international level, including among other things the particularly significant increase in the international oil price, contributed to the creation of inflationary pressures, the intensity of which seems to increase over time. As a result, a mix of opposing forces in economies is gradually being created, which tends to limit real consumer incomes and thus re-impede their positive outlook.

As a consequence of the above, during the first half of 2021 most sectors of the Economy have been completely reactivated, while others are struggling to return to their pre-pandemic levels. However, regardless of the performance achieved of the individual sectors as a whole, it is an indisputable fact that significant reformations have taken place within them. In particular, companies found to be exposed to higher levels of risk for that period or companies that did not have the necessary flexibility to cope with the new conditions found themselves out of the market. On the contrary, companies that have managed to successfully cope with the unanticipated conditions that prevailed, are now presented with a strengthened position in their sector. Therefore, the changes that took place during this period are not only quantitative but also qualitative.

In particular, the retail sector of food and other consumer goods, after a significant increase in size over the previous year, in the first half of 2021 is gradually returning to normal levels, as consumption is channeled into a much wider range of activities.

All of the above points demonstrate a constant change in consumer trends, which in turn affects the way businesses operate. The way Economies operate both locally and internationally has undergone structural changes during 2020 and these changes are expected to gradually become permanent as consumers are trained to operate in a specific way.

The second semester of 2021, the challenges will be faced by businesses is expected to be significant. Consumers and businesses are gradually returning to pre-pandemic levels, however last year's prolonged cessation of economic activity and the resulting decline in incomes, combined with the risk of reintroduction of new restrictive measures due to a potential new outbreak of the pandemic, as well as of inflationary pressures, significantly increase the conditions of uncertainty in the second half of 2021. Therefore, it is considered certain that the conditions for 2021 will be particularly demanding.

The main areas of activity of the Group are trade of food and other consumer products and the provision of logistics services.

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.", accepted in the previous years the consequences of the recession and the change of the consumption patterns resulting on the one hand the reduction of its total size and on the other hand the intensification of the competition and the reduction of the profit margins. Within this environment, 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 its operating costs and increase its productivity. During the first half of 2021, the Parent Company ELGEKA managed to maintain its sales, improve its gross profit margin and preserve its operating costs, while at the same time, the subsidiary company "G.S.B.G. S.A.", which is active in the market of private label products, showed a downward trend in sales during this period. The special conditions prevailing in the Greek and international Economy are expected to contribute to the maintenance of the above trends during the second half of 2021.

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 which was particularly positive for the first half of 2021, achieving sales growth by 5,33%, increase of its gross profitability as well as reduction of its operating costs, resulting in 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. As a result, it is expected the positive contribution to the financial figures of ELGEKA Group for the second semester of 2021.

ELGEKA Group is active in the segment of “Logistics services” through company “DIAKINISIS S.A.”, which is one of the key players of the sector. The company “DIAKINISIS S.A.” which operates in the provision of storage, distribution and packaging services, takes steps to further increase its market share in a highly competitive and low-profit industry while keeping its cost levels low. In this context, it managed during the first half of 2021 on the one hand to increase its sales by 11,9% and on the other hand to preserve its operating costs and thus increase its operating profitability. Through new collaborations it has achieved, the diversification of the mix of services it provides and the control of its operating costs, “DIAKINISIS S.A.” has achieved the continuation of its positive performance of recent years.

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 2021 are the following:

a) Price Changes Risk

During the first half of 2021, a number of factors at the international level contributed to the creation of inflationary pressures, the intensity of which seems to increase over time, while the increase in the international price of oil during the same period resulted in the exacerbation of the problem.

The Group monitors the developments and takes the appropriate actions in order to protect its profitability from increases in its cost components and on the other hand to preserve its market shares.

The Group is not exposed to price change risk related to securities as there are no investments in listed securities.

b) Credit Risk

The revenues of the Group come from the trade of food and other consumer goods and the provision of logistics services (they constitute proportion of 79% and 20% respectively of the total sales for the period of the first half of 2021). The clientele in food trade consists of the largest retail companies in Greece and Romania as well as of a large number of small and medium enterprises, while in the provision of logistics services by the largest domestic commercial companies. On 30.06.2021 the receivables of the Group from these activities amounted to 23.983 thousand euro and 7.539 thousand euro respectively (31/12/2020: 24.247 thousand euro and 6.818 thousand euro, respectively).

The Group does not have a significant concentration of credit risk deriving from contracting/contractual parties, mainly due to its highly differentiated client list and to high credibility of those clients that are responsible for the greater percentage of revenues. In order to manage the credit risk in the sector of food trade, the Group applies the policy of insurance coverage of credits given through specialized insurance companies, which historically stands at the level of 75% of the receivables for the avoidance of significant concentrations of credit risk. It has an organized credit department that deals exclusively with the assessment of the creditworthiness of its customers as well as the determination of their credit limits. In addition, the fact that the vast majority of the Group's sales are made to customers with high creditworthiness is an additional safeguard for the Group. The strict implementation of the credit policy results in the formation of bad debts at a fairly low level and it is indicative that the percentage of provisions for bad debts as a proportion of the Group's turnover for the three years 2018-2020 amounted to 0,2% on average term per year. However, in the event that one of the Group's key customers or a significant number of the Group's customers fails to meet its obligations to it, the Group's business, financial position and financial results may be adversely affected to a degree that will depend on the size of the credit event and the Group's exposure to it.

c) Interest and Foreign Exchange Risk

The risk of interest rate fluctuations for the Group arises from the financing agreements, as they have been concluded with 3-monts or 6-months Euribor plus fixed interest rate (spread), which varies depending on the loan. Any change in Euribor will result in a change in the total interest rate of the respective financing agreement and consequently the effect of the cash flows and the results of the Group. During the current period, the Group has not implemented interest rate risk management transactions, as it does not consider possible an increase in Euribor interest rates, given the current economic situation and the growth prospects of the Eurozone countries. In case of change of Euribor, the renewals of the interest rates of the short-term loans are for a period of 1-3 months and the long-term for a period of 3-6 months, which enables the Group to partially avoid the risk of large interest rate fluctuations.

Despite the fact of non-expected significant change in interest rates in the near future, the outbreak of the Pandemic, with the suspension of a significant percentage of global economic activity and the increase in uncertainty it has caused, possibly bring about changes in their curve and to affect the level of returns across the range of interest-bearing financial products. In this context, it does not exist and can be no guarantee that the activities, cash flows and financial results of the Group will not be adversely affected by potential extreme changes in interest rates, and especially Euribor.

In addition, 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, the high credibility 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 30/06/2021, the Group and the Parent hold 11.638 thousand euro and 9.362 thousand euro in cash respectively (31/12/2020: 7.258 thousand euro and 4.363 thousand euro, respectively).

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.

In this context, the Extraordinary General Meeting of Shareholders of the Parent Company “ELGEKA S.A.” of 11 December 2020 decided to proceed with a Share Capital increase of up to 6.855 thousand euro. Based on the issue price decided by the Board of Directors of the Company on 23/06/2021, the total funds raised will amount to

10.853 thousand euro. It should be noted that up to 30/06/2021 the main shareholders of the Company had already paid in the context of the above increase the amount of 7.459 thousand euro, thus showing their practical support to the prospects of the Company and the Group.

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.

f) Macroeconomic risk

The main macroeconomic risks to which the Group is exposed are 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 (namely 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.

	01/01-30/06/2021	01/01-30/06/2020
Profit / (Losses) from operating activities	3.528	3.165
Depreciation of assets	4.044	3.955
Depreciation of asset subsidies	(38)	(43)
EBITDA	**7.534**	**7.077**

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.

	01/01-30/06/2021	01/01-30/06/2020
EBITDA	7.534	7.077
Leasing expenses	(2.395)	(2.151)
Adjusted EBITDA*	**5.139**	**4.926**

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.

	01/01-30/06/2021		01/01-30/06/2012	
	Comparable figure	**Margin**	**Comparable figure**	**Margin**
EBITDA	7.534	8,33%	7.077	7,68%
Adjusted EBITDA*	5.139	5,68%	4.926	5,34%
EBIT	3.528	3,90%	3.165	3,43%
EBT	464	0,51%	(335)	(0,36%)
Net income	684	0,76%	(87)	(0,09%)

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:

	30/06/2021	31/12/2020
Long-term loans	54.167	55.934
Short-term part of long-term loans	4.066	2.962
Short-term loans	12.849	12.719
Finance leases	14.855	15.309
Less: Cash and cash equivalents	(11.638)	(7.258)
Net borrowing	**74.299**	**79.666**

3) Operating working capital

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

	30/06/2021	31/12/2020
Inventory	14.406	13.109
Trade receivables and other receivables	31.714	31.332
Less: Suppliers and other trade liabilities	(32.481)	(34.975)
Operating working capital	**13.639**	**9.466**

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:

	01/01/2021 - 30/06/2021		01/01/2020 - 30/06/2020	
Transactions with related parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Sales / Revenue from services	2.225	621	894	622
b) Purchases	505	2.209	5	1.775
c) Key management personnel and members of Board compensation	286	271	485	455

	30/06/2021		31/12/2020	
Balances with related parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Receivables	1.952	1.399	2.220	869
b) Liabilities	7.908	12.682	8.636	9.996
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 2021 are presented below:

Subsidiaries	**Sales / Income**	**Purchases/ Expenses**	**Receivables**	**Liabilities**
DIAKINISIS S.A.	484	1.624	427	6.657
ELG HOLDINGSS S.A.	1	-	1	1.200
G.S.B.G. S.A.	68	-	612	-
ELGEKA CYPRUS LTD	-	114	-	4.817
Total	**553**	**1.738**	**1.040**	**12.674**
Other Related Parties	68	471	359	8
Total of Subsidiaries and Other Related Parties	**621**	**2.209**	**1.399**	**12.682**

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

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:

- 1.598 thousand euro for distribution services, warehousing and repackaging.
- 26 thousand euro for rentals and other expenses

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

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

The increase of the balance between "ELGEKA S.A." and "DIAKINISIS S.A." in relation to the previous year comes from the participation of the Parent company in the share capital increase decided on June 30, 2021 by the Annual Ordinary General Meeting of the above subsidiary. "ELGEKA S.A." paid the amount due to it in the above increase (amount of 1.218 thousand euro) after the date of 30/06/2021. In addition, a significant part of the balance between the two companies has resulted from the sale of a property of "DIAKINISIS S.A." during 2020, the price of which was directed towards the early repayment of the syndicated loan of the two companies, based on relevant terms of the loan. The fact that "DIAKINISIS S.A." repaid obligation of "ELGEKA S.A." resulted in the creation of an equal debt between the two companies. Finally, part of the balance of the two companies is due to the commercial cooperation they maintain.

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

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

- 68 thousand euro for the provision of consulting services

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

The obligation of "ELGEKA S.A." to "ELG HOLDINGS S.A." amounting to 1.200 thousand euro concerns the participation of the Parent company in the share capital increase decided on June 29, 2021, by the Annual Ordinary General Meeting of the subsidiary company. This amount was paid after the date of 30/06/2021.

4. ELGEKA S.A. – ELGEKA (CYPRUS) LTD

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

- 114 thousand euro for loan interest

The obligation of "ELGEKA S.A." to "ELGEKA CYPRUS LTD" comes from a loan, which was taken on 27/06/2019 with an interest rate of 4,84% and does not include any collateral.

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 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 2021.

All aforementioned transactions were accomplished under the standard market rules.

Acharnes Attika, 29 September 2021

President of the Board of Directors &
Managing Director
Alexandros Katsiotis