



KRI-KRI MILK INDUSTRY S.A.

General Commercial Registry No.: 113772252000

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD

1.1.2020 – 31.3.2020

IN ACCORDANCE WITH IFRS (IAS 34)

(TRANSLATION FROM THE GREEK ORIGINAL)

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Condensed Statement of Comprehensive Income

	Note.	1/1-31/3/2020	1/1-31/3/2019
Sales	C.1	27.452.630	21.851.861
Cost of sales		(18.792.447)	(13.594.996)
Gross profit	C.1	8.660.183	8.256.864
Distribution expenses	C.1	(4.545.142)	(4.689.978)
Administration expenses		(697.521)	(527.615)
Research and development expenses		(54.167)	(50.781)
Other income		199.098	193.904
Other (loss) / gain net		53.786	19.005
Profit before taxes, financial and investment income		3.616.237	3.201.399
Financial income	C.3	21.194	33.134
Financial expenses	C.3	(77.696)	(86.581)
Lease finance cost	C.3	(7.064)	(9.157)
Financial income (net)		(63.566)	(62.604)
Profit before taxes		3.552.671	3.138.795
Income tax	C.4	(886.428)	(846.641)
Net profit for the period (A)		2.666.243	2.292.154
Other comprehensive income			
OCI recycled to P&L			
Cash flow hedges		0	(61.787)
Other comprehensive income after tax (B)		0	(61.787)
Total comprehensive income after tax (A + B)		2.666.243	2.230.367
Net profit per share from continuous operations			
- Basic and diluted (in €)		0,0806	0,0693

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

Condensed Statement of Financial Position

	Note	<u>31/3/2020</u>	<u>31/12/2019</u>
ASSETS			
Non-current assets			
Tangible assets	C.5	60.075.639	57.418.896
Right of use assets	C.6	548.563	578.592
Investment in properties		10.082	10.082
Intangible assets		460.104	480.025
Other non-current assets		65.541	64.306
		61.159.929	58.551.901
Current assets			
Inventories	C.7	13.512.256	10.346.210
Trade and other receivables	C.8	30.484.314	26.244.962
Current income tax receivables		270.479	1.167.828
Financial assets at fair value through profit or loss		0	110.940
Cash and cash equivalents		7.295.206	10.916.735
		51.562.255	48.786.675
Total assets		112.722.184	107.338.576
EQUITY AND LIABILITIES			
Equity			
Share capital		12.564.752	12.564.752
Reserves		20.575.835	20.575.835
Retained earnings		35.632.076	32.965.833
Total equity		68.772.663	66.106.420
Liabilities			
Non-current liabilities			
Long-term borrowings	C.9	10.030.000	10.030.000
Lease liabilities		334.206	353.580
Accrued pension and retirement obligations		614.609	599.942
Deferred income tax liabilities		2.911.576	2.924.045
Government grants		6.665.589	6.780.583
		20.555.980	20.688.150
Current liabilities			
Short-term borrowings	C.9	2.193.796	2.192.565
Lease liabilities		229.001	238.089
Trade and other payables	C.10	20.970.744	18.113.352
		23.393.541	20.544.006
Total liabilities		43.949.521	41.232.156
Total equity and liabilities		112.722.184	107.338.576

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

Condensed Statement of changes in equity

	Share capital	General reserve	Special reserves	Other reserves	Actuarial gains-losses reserve	Cash flow hedge reserve	Retained earnings	Total Equity
Balance at 31.12.2018	12.564.752	2.550.434	17.295.670	38.275	(32.531)	0	23.414.437	55.831.036
Profit for the period							2.292.154	2.292.154
Reserves formation						(61.787)		(61.787)
Total comprehensive income for the period						(61.787)	2.292.154	2.230.367
Balance at 31.3.2019	12.564.752	2.550.434	17.295.670	38.275	(32.531)	(61.787)	25.706.592	58.061.403
Balance at 31.12.2019	12.564.752	3.055.955	17.295.670	38.275	185.939	0	32.965.833	66.106.420
Profit for the period							2.666.243	2.666.243
Total comprehensive income for the period							2.666.243	2.666.243
Balance at 31.3.2020	12.564.752	3.055.955	17.295.670	38.275	185.939	0	35.632.076	68.772.663

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

Condensed Statement of cash flows

<i>Indirect method</i>	<u>1/1-31/3/2020</u>	<u>1/1-31/3/2019</u>
OPERATING ACTIVITIES		
Profit before taxes	3.552.671	3.138.795
Adjustments for:		
Depreciation	978.438	936.303
Provisions	300.293	130.126
Foreign exchange differences, net	9.279	(2.566)
Amortization of government grants relating to capital expenses	(114.994)	(124.262)
Miscellaneous items	1.232	(418)
Investment income	(35.135)	(17.234)
Interest and related expenses	95.708	91.568
	<u>4.787.491</u>	<u>4.152.312</u>
Changes in working capital:		
Decrease / (Increase) in inventories	(3.164.403)	(5.307.836)
Decrease / (Increase) in trade receivables	(4.096.601)	(4.533.806)
Decrease / (Increase) in other receivables	(1.235)	0
(Decrease) / Increase in payables (except banks)	3.406.908	7.377.100
Less:		
Interest and related expenses paid	(54.173)	(85.882)
Cash flow from operating activities (a)	<u>877.986</u>	<u>1.601.888</u>
INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(4.569.858)	(2.688.591)
Proceeds from sales of intangibles and property, plant and equipment	484	33.605
Interest received	21.194	6.581
Purchase of financial assets	0	(750.000)
Income from sale of financial assets	118.432	0
Cash flow from investing activities (b)	<u>(4.429.748)</u>	<u>(3.398.405)</u>
FINANCING ACTIVITIES		
Dividends paid to company's shareholders	0	(1.241)
Payment of lease obligations	(69.767)	(69.929)
Cash flow from financing activities (c)	<u>(69.767)</u>	<u>(71.170)</u>
Change in cash and equivalents (a+b+c)	<u>(3.621.529)</u>	<u>(1.867.687)</u>
Cash and equivalents at beginning of period	10.916.735	14.278.310
Cash and equivalents at end of period	<u>7.295.206</u>	<u>12.410.623</u>

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

A. General information

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

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

These financial statements have been approved by the Board of Directors at 27 May 2020.

These interim financial statements are unaudited.

B. Significant accounting policies

B.1 Basis of preparation

These interim financial statements covering the period from 1.1.2020 to 31.3.2020 have been prepared according to IAS 34. The basis of their preparation is the historical cost and the "principle of going concern", taking into account all macroeconomic and microeconomic factors and their impact on the smooth operation of the Company.

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

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

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

Standards and Interpretations effective for the current financial year

IAS 1 and IAS 8 (Amendments) 'Definition of material' (effective for annual periods beginning on or after 1 January 2020)

The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS.

IFRS 9, IAS 39 and IFRS 7 (Amendments) 'Interest rate benchmark reform' (effective for annual periods beginning on or after 1 January 2020)

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

B.2 Financial risk management

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

B.3 Significant accounting estimations and judgments of the management

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

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

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

B.4 Comparative information

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

C. Notes to the financial statements

C1. Operating segment information

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

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

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

The segments results for the periods ended 31.3.2020 and 31.3.2019 are analyzed as follows:

1/1-31/3/2020	Revenue	Gross profit	Distribution Cost	Operating Earnings	EBIT
Ice-Cream	2.404.447	1.139.405	(1.644.780)	(505.375)	(594.734)
Greece	1.716.007	958.499	(1.561.859)	(603.361)	(658.639)
Abroad	688.439	180.906	(82.921)	97.985	63.905
Dairy-Yogurt	24.526.756	7.534.150	(2.880.663)	4.653.487	4.109.942
Greece	12.287.720	4.150.140	(1.795.851)	2.354.289	2.030.619
Abroad	12.239.036	3.384.010	(1.084.811)	2.299.198	2.079.323
Rest	521.428	(13.371)	(19.699)	(33.071)	101.029
Total	27.452.630	8.660.183	(4.545.142)	4.115.041	3.616.237
1/1-31/3/2019	Revenue	Gross profit	Distribution Cost	Operating Earnings	EBIT
Ice-Cream	2.980.932	1.518.143	(1.875.265)	(357.123)	(454.716)
Greece	2.422.352	1.359.562	(1.780.860)	(421.298)	(490.128)
Abroad	558.580	158.581	(94.405)	64.176	35.412
Dairy-Yogurt	18.801.859	6.742.155	(2.798.640)	3.943.515	3.539.301
Greece	9.846.877	3.891.148	(1.862.627)	2.028.520	1.784.935
Abroad	8.954.982	2.851.008	(936.013)	1.914.995	1.754.366
Rest	69.070	(3.433)	(16.073)	(19.505)	116.814
Total	21.851.861	8.256.865	(4.689.978)	3.566.887	3.201.399

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

C2. Earnings before interest, taxes, depreciation and amortization

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

	<u>1/1-31/3/2020</u>	<u>1/1-31/3/2019</u>
Net profit for the period	2.666.243	2.292.154
Adjustments for:		
Income tax	886.428	846.641
Financial income (net)	63.566	62.604
Depreciation and amortization	978.438	936.303
Amortization of government grants relating to capital expenses	(114.994)	(124.262)
EBITDA	<u>4.479.681</u>	<u>4.013.440</u>

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

C3. Financial income - expenses

Financial income-expenses are analyzed by type as follows:

	<u>1/1-31/3/2020</u>	<u>1/1-31/3/2019</u>
FINANCIAL INCOME		
Interest income	1.529	6.356
Other capital gains	17.105	14.956
Profits from the valuation of derivatives at fair value	0	11.822
Fair value gains on derivatives	2.560	0
Total financial income	<u>21.194</u>	<u>33.134</u>
FINANCIAL EXPENSES		
Interest expense	67.780	63.657
Bank fees and charges	9.916	1.721
Losses from derivatives	0	4.170
Other financial expenses	0	17.033
Total financial expenses	<u>77.696</u>	<u>86.581</u>
LEASE FINANCE COST		
Financial leasing costs	7.064	9.157
Total lease finance costs	<u>7.064</u>	<u>9.157</u>
Financial income - expenses (net)	<u>(63.566)</u>	<u>(62.604)</u>

C4. Income tax expense

Income tax expense is analyzed as follows

	<u>1/1-31/3/2020</u>	<u>1/1-31/3/2019</u>
Current tax	898.897	870.842
Deferred tax	(12.469)	(24.201)
Total	<u>886.428</u>	<u>846.641</u>

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

C5. Property, plant and equipment

Property, plant and equipment are analyzed as follows:

	Land	Buildings	Plant & equipment	Motor vehicles	Furniture and other Equipment	Total
COST						
Balance at 1 January 2019	1.509.927	12.675.863	58.343.466	1.355.291	2.437.948	76.322.495
Additions/	0	19.202	1.498.434	0	73.595	1.591.231
Disposals	0	0	(18.131)	(47.065)	0	(65.196)
Write-offs	0	0	(6.660)	0	0	(6.660)
Balance at 31.3.2019	1.509.927	12.695.064	59.817.108	1.308.226	2.511.543	77.841.869
ACCUMULATED DEPRECIATION						
Balance at 1 January 2019		(3.522.739)	(24.824.044)	(1.028.529)	(1.722.898)	(31.098.211)
Depreciation expense		(95.505)	(660.781)	(20.823)	(34.249)	(811.358)
Disposals		0	18.131	22.803	0	40.934
Write-offs		0	6.660	0	0	6.660
Balance at 31.3.2019		(3.618.245)	(25.460.034)	(1.026.548)	(1.757.147)	(31.861.975)
Net book value at 31.3.2019	1.509.927	9.076.820	34.357.075	281.678	754.396	45.979.895
COST						
Balance at 1 January 2020	1.588.909	15.978.869	69.950.755	1.273.590	2.611.609	91.403.732
Additions	0	1.070.917	2.362.137	18.750	82.144	3.533.948
Disposals	0	0	(21.129)	(7.858)	0	(28.987)
Write-offs	0	0	(6.379)	0	0	(6.379)
Balance at 31.3.2020	1.588.909	17.049.786	72.285.384	1.284.482	2.693.753	94.902.314
ACCUMULATED DEPRECIATION						
Balance at 1 January 2020		(3.906.485)	(27.165.229)	(1.061.536)	(1.851.586)	(33.984.836)
Depreciation expense		(100.357)	(723.152)	(16.244)	(37.452)	(877.205)
Disposals		0	21.128	7.858	0	28.986
Write-offs		0	6.379	0	0	6.379
Balance at 31.3.2020		(4.006.842)	(27.860.874)	(1.069.922)	(1.889.038)	(34.826.676)
Net book value at 31.3.2020	1.588.909	13.042.944	44.424.511	214.560	804.715	60.075.639

There are no pledges on fixed assets.

C6. Right of use assets

	Buildings	Motor Vehicles	Total
COST			
Recognition at January 2019 based on IFRS 16	218.496	548.839	767.335
Reductions / Write offs	0	(2.297)	(2.297)
Balance at 31.3.2019	218.496	546.542	765.038
ACCUMULATED DEPRECIATION			
Balance at 1 January 2019	0	0	0
Depreciation expense	(6.601)	(58.320)	(64.921)
Balance at 31.3.2019	(6.601)	(58.320)	(64.921)
Net book value at 31.3.2019	211.895	488.222	700.117

	Buildings	Motor Vehicles	Total
<u>COST</u>			
Balance at 1 January 2020	231.121	604.441	835.562
Additions	0	34.242	34.242
Balance at 31.3.2020	231.121	638.683	869.804
<u>ACCUMULATED DEPRECIATION</u>			
Balance at 1 January 2020	(26.786)	(230.184)	(256.970)
Depreciation expense	(6.983)	(57.287)	(64.270)
Balance at 31.3.2020	(33.769)	(287.471)	(321.240)
Net book value at 31.3.2020	197.352	351.212	548.563

C7. Inventories

Inventories are analyzed as follows:

	31/3/2020	31/12/2019
Merchandise	123.238	83.232
Finished goods	5.502.000	2.785.290
Raw materials	7.981.503	7.573.817
Less: Provisions for obsolete inventory	(94.486)	(96.129)
Total	13.512.256	10.346.210

The most important changes of the "Inventories" are found in the line "Finished Goods". This increase relates to the stockpiling of ice cream products so that the Company can meet the increased demand of the summer months (see also note C12).

C8. Trade and other receivables

Trade and other receivables are analyzed as follows:

	31/3/2020	31/12/2019
Trade receivables	28.367.011	23.498.068
Less: Allowance for bad debts	(2.711.076)	(2.447.999)
	25.655.935	21.050.069
Creditors advances	302.597	248.718
VAT Receivables	4.413.946	4.492.022
Greek state -others	51.704	51.703
Other receivables	60.133	402.450
Total	30.484.314	26.244.962

The most important changes in the "Customers and other receivables" are found in the line "Trade receivables" relate the seasonality in the ice cream sector (see also note C12).

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

With the application of IFRS 9 as of 1 January 2019, the company identifies bad debts based on an expected loss model. This model groups the receivables according to the credit rating of each client, links the rating to the probability of default and calculates the expected credit losses.

In the current fiscal period, additional bad debt provision of €263.077 was recognized. Thus, on 31/3/2020, trade receivables totaling €2.711.076 appear impaired. It is probable that part of this bad debt provisions will be recovered in the future.

Bad debt provisions movement:

	<u>1/1-31/3/2020</u>	<u>1/1-31/12/2019</u>
Opening balance	2.447.999	2.784.524
Additions	276.495	9.844
Reversals	<u>(13.418)</u>	<u>(346.369)</u>
Ending balance	<u>2.711.076</u>	<u>2.447.999</u>

C9. Borrowings

Borrowings are analyzed as follows:

	<u>31/3/2020</u>	<u>31/12/2019</u>
<u>NON-CURRENT BORROWINGS</u>		
Bond loans	8.230.000	8.230.000
Long-term loans	<u>1.800.000</u>	<u>1.800.000</u>
Total non-current borrowings	<u>10.030.000</u>	<u>10.030.000</u>
<u>CURRENT BORROWINGS</u>		
Current liability of non-current loans	<u>2.193.796</u>	<u>2.192.565</u>
Total current borrowings	<u>2.193.796</u>	<u>2.192.565</u>
Total borrowings	<u>12.223.796</u>	<u>12.222.565</u>

Maturity of non-current bank borrowings:

	<u>31/3/2020</u>	<u>31/12/2019</u>
Between 1-2 years	2.200.000	2.200.000
Between 2-5 years	<u>7.830.000</u>	<u>7.830.000</u>
Total non-current borrowings	<u>10.030.000</u>	<u>10.030.000</u>

Changes on loans balances are analyzed as follows:

Balance at 1 January 2019	9.200.061
Financial instruments valuation (non-cash item)	<u>42</u>
Balance at 31 March 2019	9.200.103
Balance at 1 January 2020	12.222.565
Financial instruments valuation (non-cash item)	<u>1.231</u>
Balance at 31 March 2020	<u>12.223.796</u>

Analysis of current long-term loans:

Loan provider	Type of loan	Date of agreement	Initial value	Balance at 31/3/2020
Major shareholders	Bonds / 5year / fixed interest rate	18/12/2013 Amended 16/11/2018	5.000.000	5.000.000
Alpha Bank SA	Long-term / 5year/ floating interest rate	7/4/2017 Amended 31/5/2019	6.000.000	2.993.998
Piraeus Bank S.A.	Bonds/ 3year / 10/54floating interest rate	10/4/2019	4.230.000	4.229.798

The fair value of long-term loans is calculated to €10.407.556 («Level 3»).

Effective interest rate of borrowings:

	<u>1/1-31/3/2020</u>	<u>1/1-31/12/2019</u>
Effective interest rate	<u>2,62%</u>	<u>2,59%</u>

C10. Trade and other payables

Trade and other payables are analyzed as follows:

	<u>31/3/2020</u>	<u>31/12/2019</u>
Trade payables	17.841.867	15.014.782
Cheques payables	666.062	425.033
Social security	233.144	409.502
Other Taxes and duties	233.485	316.092
Dividends payables	13.028	13.028
Customers' advances	756.911	794.608
Other payables	1.226.248	1.140.307
Total	<u>20.970.744</u>	<u>18.113.352</u>

The most important changes in "Trade and other payables" are found in the line "Trade payables" relate to the seasonality in the ice cream sector (see also note C12) and capital expenditure.

C11. Dividends

For the financial year 2019, the Board of Directors decided to propose to the Tactical General Meeting of the Shareholders the distribution of dividend of gross value €0,18 per share (2018: €0,15 per share). The distribution is dependent to the decision of the Annual General Meeting of the Shareholders.

C12. Seasonality

The ice cream sector is characterized by high seasonality during the period between April to August, with high sales and operating profits.

In the dairy/yogurt sector, sales and operating profits are almost equally distributed throughout the year.

C13. Contingent assets – liabilities

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

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

C14. Related party transactions

Related party transactions are analyzed as follows:

	<u>1/1-31/3/2020</u>	<u>1/1-31/3/2019</u>
Payment of interest on a bond loan*	37.917	31.875
Rental income	0	0

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

	<u>31/3/2020</u>	<u>31/12/2019</u>
Receivables from related parties	140	0
Payables to related parties*	5.000.000	5.000.000

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

<u>COMPENSATION OF DIRECTORS</u>	<u>1/1-31/3/2020</u>	<u>1/1-31/3/2019</u>
Salaries of the members of the Board of Directors	<u>27.254</u>	<u>24.397</u>
Total	<u>27.254</u>	<u>24.397</u>

<u>OTHER TRANSACTIONS WITH THE MEMBERS OF THE B.O.D. AND KEY MANAGEMENT PERSONNEL</u>	<u>31/3/2020</u>	<u>31/3/2019</u>
Transactions with the members of the B.O.D and key management personnel	<u>18.958</u>	<u>15.937</u>
Liabilities to the members of the B.O.D and key management personnel*	<u>2.500.000</u>	<u>2.500.000</u>

* Bond loan covered by major shareholders

C15. Post balance sheet events

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

Serres, 27 May 2020

Chairman
& Managing Director

Vice-Chairman

Financial Director

Chief Accountant

Panagiotis Tsinavos
ID AE373539

Georgios Kotsambasis
ID AE376847

Konstantinos Sarmadakis
ID AN389135

Evangelos Karagiannis
ID AM894228