



KRI-KRI MILK INDUSTRY S.A.

Reg. No.: 30276/06/B/93/12

General Commercial Registry No.: 113772252000

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD

1.1.2019 – 31.3.2019

IN ACCORDANCE WITH IFRS (IAS 34)

(TRANSLATION FROM THE GREEK ORIGINAL)

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Condensed Statement of Comprehensive Income

	Note.	1/1-31/3/2019	1/1-31/3/2018
Sales	C15	21.851.861	18.603.311
Cost of sales	C15	(13.594.996)	(11.507.899)
Gross profit		8.256.864	7.095.412
Distribution expenses	C15	(4.689.978)	(4.408.190)
Administration expenses		(527.615)	(594.648)
Research and development expenses		(50.781)	(52.970)
Other income	C10	193.904	168.697
Other (loss) / gain net	C11	19.005	17.623
Profit before taxes, financial and investment income		3.201.399	2.225.923
Financial income	C12	33.134	38.675
Financial expenses	C12	(86.581)	(94.069)
Lease finance cost	C12	(9.157)	0
Financial income (net)		(62.604)	(55.394)
Profit before taxes		3.138.795	2.170.529
Income tax	C13	(846.641)	(598.275)
Net profit for the period (A)		2.292.154	1.572.254
Other comprehensive income			
OCI recycled to P&L			
Cash flow hedges		(61.787)	(20.029)
Other comprehensive income after tax (B)		(61.787)	(20.029)
Total comprehensive income after tax (A + B)		2.230.367	1.552.225
Net profit per share from continuous operations			
- Basic and diluted (in €)		0,0693	0,0476

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

Condensed Statement of Financial Position

	Note	<u>31/3/2019</u>	<u>31/12/2018</u>
ASSETS			
Non-current assets			
Tangible assets	C1	45.979.895	45.224.285
Right of use assets	C2	700.117	0
Investment in properties		10.082	10.082
Intangible assets		550.773	552.324
Non-current Assets Held for Sale		52.000	52.000
Other non-current assets		285.403	197.346
		47.578.271	46.036.037
Current assets			
Inventories		14.105.879	8.764.680
Trade and other receivables	C3	25.934.877	20.934.450
Derivative financial instruments	C4	8.400	0
Financial assets at fair value through profit or loss		760.292	0
Cash and cash equivalents	C5	12.410.624	14.278.310
		53.220.072	43.977.440
Total assets		100.798.343	90.013.477
EQUITY AND LIABILITIES			
Equity			
Share capital		12.564.752	12.564.752
Reserves	C6	19.790.059	19.851.847
Retained earnings		25.706.591	23.414.438
Total equity		58.061.403	55.831.036
Liabilities			
Non-current liabilities			
Long-term borrowings	C7	8.000.000	8.000.000
Lease liabilities		461.935	0
Accrued pension and retirement obligations		807.198	805.155
Deferred income tax liabilities		2.647.202	2.671.403
Government grants	C8	7.144.581	7.268.843
		19.060.915	18.745.401
Current liabilities			
Short-term borrowings	C7	1.200.103	1.200.061
Lease liabilities		242.331	0
Trade and other payables	C9	18.975.572	11.848.831
Current income tax liabilities		3.258.019	2.388.148
		23.676.025	15.437.040
Total liabilities		42.736.940	34.182.441
Total equity and liabilities		100.798.343	90.013.477

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 31.12.2017	12.564.752	2.199.320	17.295.670	38.275	(33.762)	0	17.447.418	49.511.671
Profit for the period							1.572.254	1.572.254
Reserves increase						(20.029)		(20.029)
Total comprehensive income for the period						(20.029)	1.572.254	1.552.225
Balance at 31.3.2018	12.564.752	2.199.320	17.295.670	38.275	(33.762)	(20.029)	19.019.672	51.063.896
Balance at 31.12.2018	12.564.752	2.550.434	17.295.670	38.275	(32.531)	0	23.414.438	55.831.036
Profit for the period							2.292.154	2.292.154
Reserves increase						(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

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

Condensed Statement of cash flows

<i>Indirect method</i>	<u>1/1-31/3/2019</u>	<u>1/1-31/3/2018</u>
OPERATING ACTIVITIES		
Profit before taxes	3.138.795	2.170.529
Adjustments for:		
Depreciation	936.303	802.247
Provisions	130.126	351.111
Foreign exchange differences, net	(2.566)	(1.745)
Amortization of government grants relating to capital expenses	(124.262)	(135.958)
Miscellaneous items	(418)	(330)
Investment income	(17.234)	(141)
Interest and related expenses	91.568	94.069
	<u>4.152.312</u>	<u>3.279.781</u>
Changes in working capital:		
Decrease / (Increase) in inventories	(5.307.836)	(2.172.542)
Decrease / (Increase) in receivables	(4.533.806)	(3.992.607)
(Decrease) / Increase in payables (except banks)	7.377.100	3.304.839
Less:		
Interest and related expenses paid	(85.882)	(105.439)
Cash flow from operating activities (a)	<u>1.601.888</u>	<u>314.033</u>
INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(2.688.591)	(1.272.420)
Proceeds from sales of intangibles and property, plant and equipment	33.605	0
Interest received	6.581	23.677
Purchase of financial assets	(750.000)	0
Cash flow from investing activities (b)	<u>(3.398.405)</u>	<u>(1.248.744)</u>
FINANCING ACTIVITIES		
Dividends paid to company's shareholders	(1.241)	0
Payment of lease obligations	(69.929)	0
Cash flow from financing activities (c)	<u>(71.170)</u>	<u>0</u>
Change in cash and equivalents (a+b+c)	<u>(1.867.687)</u>	<u>(934.711)</u>
Cash and equivalents at beginning of period	<u>14.278.310</u>	<u>10.141.839</u>
Cash and equivalents at end of period	<u>12.410.623</u>	<u>9.207.128</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 29 May 2019.

B. Significant accounting policies

B.1 Basis of preparation

These financial statements covering the period from 1.1.2019 to 31.3.2019 have been prepared according to IAS 34.

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 2018, except for the new standards and interpretations adopted, the implementation of which was compulsory for periods after 1 January 2019.

Any differences that arise between the amounts in these interim financial statements and the corresponding amounts in the selected explanatory notes as well as in sums are due to rounding.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2018, 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.

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 2018.

Due to the nature of its operations, the Company is exposed to various financial risks such as, market risk (fluctuations of exchange rates, interest rates and of production costs), credit risk and liquidity risk. The Company's overall risk management program focuses on financial market unpredictability and aims to minimize the potential negative impact on the Company's financial performance.

Risk management is carried out by the Company's main financial department, which operates under certain rules approved by the Board. The Board of Directors provides instructions and guidelines on general risk management and special instructions on managing specific risks such as currency risk, interest rate risk and credit risk.

(a) Market risk

Foreign currency risk

The main bulk of the Company's operations are conducted within the Euro zone. Company exposure to exchange rate (FX) risk derives from existing or expected cash flows in foreign currency (GBP). Part of the exposure to exchange rate risk is hedged using futures and options.

Cash flow sensitivity analysis to EUR/GBP changes

	GBP strength- ens against EUR	Profit before Taxes effect
1/1-31/3/2019	+5%	9.793
	-5%	(9.793)
1/1-31/3/2018	+5%	11.038
	-5%	(11.038)

Interest rate risk

The Company has not capitalized significant interest-related assets, therefore operating income and operating cash flows are substantially independent of changes in market interest rates.

The loans of the Company are related to either floating rates or fixed rates. The company does not use financial derivatives. The interest rate risk relates primarily to long-term loans. Loans with variable interest rates expose the Company to cash flow risk. Loans issued at fixed rates expose the Company to risk of changes in fair value.

A policy of retaining loans with variable interest rate is beneficial in cases of declining interest rates. On the other hand a liquidity risk appears when the interest rates rise.

From the total loans of the Company at 31.3.2019, the amount of €5.000.000 is related to a fixed interest rate and the amount of €4.200.103 is related to a floating rate.

The loan products of the banking system are being systematically considered in order to find debt solutions with the lowest possible cost money.

Loans sensitivity analysis on interest change

	Interest variability	Profit before taxes effect
1.1-31.3.2019	+1%	(42.001)
	-1%	42.001
1.1-31.3.2018	+1%	(54.000)
	-1%	54.000

Note: The above table does not include the positive effect of interest received from bank deposits.

The Management estimates that there is no material risk related to interest rates on bank deposits.

Risk of fluctuation of raw material prices

The Company is exposed to risk of loss of income in case of sudden changes in prices of raw materials. This is a result of the inability to roll these costs to sales prices in a timely manner.

(b) Credit risk

Also, insurance contracts are made to cover sales per customer, while collateral is not required on the assets of customers. During the preparation date of the financial statements, provisions were made for doubtful debts and the Management considers that there is no other substantial credit risk that is not covered by insurance coverage or provisions, unless maybe the big Greek supermarket chains.

Wholesale sales are made to customers with appropriate credit history. The credit control department defines credit limit per customer that is continuously monitored and reviewed. Also, where possible, the Company is ensured by collateral or other security. Thus, for example from the company domestic customers-distributors, the Company receives personal guarantees amounting the double of two months turnover, hence steadily applying its credit policy.

For commercial credits of foreign customers, the Company follows a credit insurance covering that returns any customer losses due to insolvency of up to 80% of their total debts. Limits per customer are established by the insurance company. Therefore, if there is any credit risk, the risk to the company from any doubtful receivables is limited to 20% of the coverage of the insurance company.

The company's management emphasizes on reducing working capital needs. It promotes the reduction of credit limits and reduce the credit period to its customers, to enhance free cash flow.

(c) Liquidity risk

The Company manages liquidity risk by maintaining adequate cash reserves and credit lines from banks. At present, available overdraft can adequately cover any immediate cash requirement.

(d) Operating risks

Suppliers - stock

The Company has no significant dependence on certain suppliers given that no supplier holds more than 10% of total purchases.

The company's management promotes the management of total stock so as to meet the needs of the market and

the production process, without the need for excessive liquidity reservation.

Staff

The company's management is based on a team of experienced and qualified personnel, who have full knowledge of their subject and industry market conditions. This contributes significantly to the proper functioning of the company's processes and the further development of its activities.

Company executives are working harmoniously with each other and with the company's management. Potential disruption of this relationship may affect, temporarily, its proper functioning. However, the existing staffing infrastructure company enabling the direct replenishment executives, with no significant impact on the progress of its work.

B.3 Fair value measurement

The Company acknowledges fair value measurement through a 3 levels hierarchy.

1) Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. («Level 1»).

2) Other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. («Level 2»).

3) Unobservable inputs for the asset or liability. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available. («Level 3»).

Fair value of financial assets and liabilities

	Level 1
Derivative financial instruments (assets)	8.400
	Level 3
Long-term loans	8.448.580

The fair value of long-term loans was measured based on discounted cashflows.

The carrying value of loans approximates fair value as the impact of discounting is not significant.

The fair value of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

Fair value of investment property

	Level 3
Investment property	15.000

The fair value of investment property is based on Management's estimations ("Level 3"), after examining the value of the properties in the area.

B.4 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 2018.

Also, the main sources of uncertainty that existed in the preparation of the annual financial statements of 31 December 2018 remained the same for the interim financial statements as at 31 March 2019.

B.5 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. 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 2018	1.326.703	12.192.192	51.334.382	1.345.790	2.240.987	68.440.055
Additions/	0	156.580	3.729.963	25.956	19.323	3.931.822
Disposals	0	0	(24.055)	0	0	(24.055)
Write-offs	0	0	0	0	(414)	(414)
Balance at 31.3.2018	1.326.703	12.348.772	55.040.291	1.371.746	2.259.896	72.347.409
ACCUMULATED DEPRECIATION						
Balance at 1 January 2018		(3.150.980)	(22.515.394)	(958.035)	(1.560.385)	(28.184.794)
Depreciation expense		(90.895)	(617.771)	(21.720)	(39.691)	(770.078)
Disposals		0	24.054	0	0	24.054
Write-offs		0	0	0	371	371
Balance at 31.3.2018		(3.241.875)	(23.109.111)	(979.755)	(1.599.706)	(28.930.446)
Net book value at 31.3.2018	1.326.703	9.106.898	31.931.179	391.991	660.191	43.416.962
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	24.791	22.803	0	47.594
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

There are no pledges on fixed assets.

C2. Right of use assets

	Buildings	Motor Vehicles	Total
COST			
Balance at 1 January 2019	0	0	0
Additions	218.496	546.542	765.038
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

C3. Trade and other receivables

Trade and other receivables are analyzed as follows:

	<u>31/3/2019</u>	<u>31/12/2018</u>
Trade receivables	27.325.318	21.402.038
Less: Allowance for bad debts	<u>(2.945.970)</u>	<u>(2.784.524)</u>
	24.379.348	18.617.514
Creditors advances	152.068	74.128
VAT Receivables	1.275.662	2.087.490
Greek state -others	79.970	79.970
Other receivables	<u>47.829</u>	<u>75.348</u>
Total	<u>25.934.877</u>	<u>20.934.450</u>

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 2018, 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 debts of € 161.446 were recognized. Thus, on 31/3/2019, trade receivables totaling €2.945.970 appear impaired. It is probable that part of the provisions of doubt will be recovered in future time..

Provision analysis for doubtful accounts:

	<u>1/1-31/3/2019</u>	<u>1/1-31/12/2018</u>
Opening balance	2.784.524	2.015.184
Additions	161.446	777.577
Reversals	0	(8.236)
Ending balance	<u>2.945.970</u>	<u>2.784.524</u>

C4. Derivative financial instruments

Derivative financial instruments are analyzed as follows:

	Assets	
	<u>31/3/2019</u>	<u>31/12/2018</u>
Options	8.400	0
Total	<u>8.400</u>	<u>0</u>

C5. Cash and cash equivalents

Cash and cash equivalents are analyzed as follows:

	<u>31/3/2019</u>	<u>31/12/2018</u>
Cash at bank and in hand	9.410.624	9.778.310
Short-term bank deposits	3.000.000	4.500.000
Total	<u>12.410.624</u>	<u>14.278.310</u>

C6. Reserves

Reserves are analyzed as follows:

	<u>31/3/2019</u>	<u>31/12/2018</u>
Legal reserve	2.550.434	2.550.434
Contingency reserve	38.275	38.275
Tax exempt reserve L.2601/98	962.579	962.579
Tax exempt reserve L.3299/04	15.941.253	15.941.253
Tax exempt reserve from tax exempt revenues	306.949	306.949
Tax exempt reserve from revenues specially taxed	84.888	84.888
Actuarial gains-losses reserve	(32.531)	(32.531)
Cash flow hedge reserve	(61.787)	0
Total	<u>19.790.059</u>	<u>19.851.847</u>

C7. Borrowings

Borrowings are analyzed as follows:

	<u>31/3/2019</u>	<u>31/12/2018</u>
<u>NON-CURRENT BORROWINGS</u>		
Bond loans	5.000.000	5.000.000
Long-term loans	3.000.000	3.000.000
Total non-current borrowings	<u>8.000.000</u>	<u>8.000.000</u>
<u>CURRENT BORROWINGS</u>		
Current liability of non-current loans	1.200.103	1.200.061
Total current borrowings	<u>1.200.103</u>	<u>1.200.061</u>
Total borrowings	<u>9.200.103</u>	<u>9.200.061</u>

Maturity of non-current bank borrowings:

	<u>31/3/2019</u>	<u>31/12/2018</u>
Between 1-2 years	1.200.000	1.200.000
Between 2-5 years	6.800.000	6.800.000
Total non-current borrowings	<u>8.000.000</u>	<u>8.000.000</u>

Changes on loans balances are analyzed as follows:

Balance at 1 January 2018	10.400.061
Financial instruments valuation (non-cash item)	33.417
Balance at 31 March 2018	<u>10.433.478</u>
Balance at 1 January 2019	9.200.061
Financial instruments valuation (non-cash item)	42
Balance at 31 March 2019	<u>9.200.103</u>

Analysis of current long-term loans:

Loan provider	Type of loan	Date of agreement	Initial value	Balance at 31/3/2019
Major shareholders	Bonds / 5year / fixed interest rate	18/12/2013 Amended 1/12/2016 Renewal 18/12/2018	5.000.000	5.000.000
Alpha Bank SA	Long-term / 5year / floating interest rate	7/4/2017	6.000.000	4.200.103

The fair value of long-term loans is calculated to €8.448.580 («Level 3»).

Effective interest rate of borrowings:

	<u>1/1-31/3/2019</u>	<u>1/1-31/12/2019</u>
Effective interest rate	<u>2,72%</u>	<u>2,72%</u>

C8. Government grants

Movement of government grants relating to capital expenses:

	<u>31/3/2019</u>	<u>31/12/2018</u>
Opening balance	7.268.843	7.802.690
Charge in income statement	(124.262)	(533.847)
Ending balance	<u>7.144.581</u>	<u>7.268.843</u>

For the government grants recognized by the Company there are no unfulfilled conditions or contingent liabilities linked to them.

C9. Trade and other payables

Trade and other payables are analyzed as follows:

	<u>31/3/2019</u>	<u>31/12/2018</u>
Trade payables	16.180.211	9.755.800
Cheques payables	556.621	317.974
Social security	289.094	378.939
Other Taxes and duties	259.589	230.537
Dividends payables	9.746	10.987
Customers' advances	290.772	445.414
Other payables	1.389.538	709.181
Total	<u>18.975.572</u>	<u>11.848.831</u>

The most important changes in "Trade and other payables" are found in the line "Trade payables" regarding the seasonality in the ice cream sector (see also note C17) and the line "Other payables" mainly related to accrual accounts and periodic distribution accounts.

C10: Other income

Other income are analyzed by type as follows:

	<u>1/1-31/3/2019</u>	<u>1/1-31/3/2018</u>
Income from services	67.469	31.324
Rental income	2.173	1.414
Amortization of government grants relating to capital expenses	124.262	135.958
Total	<u>193.904</u>	<u>168.697</u>

C11: Other (loss) / gain net

Other (loss) / gain are analyzed by type as follows:

	<u>1/1-31/3/2019</u>	<u>1/1-31/3/2018</u>
Gains on disposal of property, plant and equipment	13.478	184
Foreign currency exchange differences	2.566	1.745
Other income	9.094	19.963
Losses on disposal of property, plant and equipment	(3.895)	(43)
Tax related fines and penalties	(276)	(104)
Other expenses	(1.962)	(4.122)
Total	<u>19.005</u>	<u>17.623</u>

C12. Financial income - expenses

Financial income-expenses are analyzed by type as follows:

<u>FINANCIAL INCOME</u>	<u>1/1-31/3/2019</u>	<u>1/1-31/3/2018</u>
Interest income	6.356	19.502
Other capital gains	14.956	18.356
Fair value gains on derivatives	11.822	817
Total financial income	<u>33.134</u>	<u>38.675</u>
<u>FINANCIAL EXPENSES</u>		
Interest expense	63.657	86.085
Bank fees and charges	1.721	1.502
Losses from derivatives	4.170	0
Other financial expenses	17.033	6.482
Total financial expenses	<u>86.581</u>	<u>94.069</u>
<u>LEASE FINANCE COST</u>		
Financial leasing costs	9.157	0
Total lease finance costs	<u>9.157</u>	<u>0</u>
Financial income - expenses (net)	<u>(62.604)</u>	<u>(55.394)</u>

C13. Income tax expense

Income tax expense is analyzed as follows

	<u>1/1-31/3/2019</u>	<u>1/1-31/3/2018</u>
Current tax	870.842	646.013
Deferred tax	(24.201)	(47.738)
Total	<u>846.641</u>	<u>598.275</u>

The income tax was calculated at a 28% tax rate over taxable profits for the period

C14. Earnings before interest, taxes, depreciation and amortization

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

	<u>1/1-31/3/2019</u>	<u>1/1-31/3/2018</u>
Net profit for the period	2.292.154	1.572.254
Adjustments for:		
Income tax	846.641	598.275
Financial income (net)	62.604	55.394
Depreciation and amortization	936.303	802.247
Amortization of government grants relating to capital expenses	(124.262)	(135.958)
EBITDA	<u>4.013.440</u>	<u>2.892.212</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.

C15. 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 31.3.2019 and 31.3.2018 are analyzed as follows:

1/1-31/3/2019	Sales	Cost of Sales	Distribution Cost	Operating Earnings
Ice-Cream	2.980.932	(1.462.789)	(1.875.265)	(357.123)
Greece	2.422.352	(1.062.790)	(1.780.860)	(421.298)
Abroad	558.580	(399.999)	(94.405)	64.176
Dairy-Yogurt	18.801.859	(12.059.704)	(2.798.640)	3.943.515
Greece	9.846.877	(5.955.729)	(1.862.627)	2.028.520
Abroad	8.954.982	(6.103.974)	(936.013)	1.914.995
Rest	69.070	(72.503)	(16.073)	(19.505)
Total	21.851.861	(13.594.996)	(4.689.978)	3.566.887
1/1-31/3/2018	Sales	Cost of Sales	Distribution Cost	Operating Earnings
Icecream	3.078.221	(1.563.081)	(1.735.143)	(220.004)
Greece	2.370.925	(1.060.917)	(1.676.081)	(366.073)
Abroad	707.296	(502.164)	(59.062)	146.070
Dairy-Yogurt	15.450.053	(9.808.483)	(2.671.088)	2.970.482
Greece	9.210.798	(5.652.507)	(1.934.568)	1.623.723
Abroad	6.239.255	(4.155.976)	(736.520)	1.346.759
Rest	75.037	(136.335)	(1.958)	(63.256)
Total	18.603.311	(11.507.899)	(4.408.190)	2.687.222

The "Operating Earnings" index is an Alternative Performance Measures (APM) and is calculated as follows: Sales minus Cost of sales minus Distribution Cost.

C16. Dividends

For the financial year 2018, the Board of Directors decided to propose to the Tactical General Meeting of the Shareholders the distribution of dividend of gross value **€0,15** per share (2017: €0,115 per share). The distribution is dependent to the decision of the Annual General Meeting of the Shareholders.

C17. Seasonality

The high seasonality of the ice cream industry is having an impact on April-August, which is characterized by particularly high sales and operating profits.

In the dairy industry, sales and operating profits are almost equally distributed throughout the year.

C18. 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.

C19. Related party transactions

Related party transactions are analyzed as follows:

	<u>1/1-31/3/2019</u>	<u>1/1-31/3/2018</u>
Payment of interest on a bond loan*	31.875	45.121

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

	<u>31/3/2019</u>	<u>31/12/2018</u>
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>1/1-31/3/2019</u>	<u>1/1-31/3/2018</u>
Salaries of the members of the Board of Directors	24.397	23.024
Total	<u>24.397</u>	<u>23.024</u>

OTHER TRANSACTIONS WITH THE MEMBERS OF THE B.O.D. AND KEY MANAGEMENT PERSONNEL

	<u>31/3/2019</u>	<u>31/3/2018</u>
Transactions with the members of the B.O.D and key management personnel	15.937	22.560
Liabilities to the members of the B.O.D and key management personnel*	2.500.000	2.500.000

* Bond loan covered by major shareholders

C20. Post balance sheet events

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

Serres, 29 May 2019

Chairman
& Managing Director

Vice-Chairman

Financial Director

Chief Accountant

Panagiotis Tsinavos
ID AE373539

Georgios Kotsambasis
ID AE376847

Konstantinos Sarmadakis
ID AN389135

Evangelos Karagiannis
ID T215570