MACEDONIAN THRACE BREWERY S.A.

ANNUAL FINANCIAL REPORT FOR THE FINANCIAL YEAR
From January 1st to December 31st 2019
under the Greek Accounting Standards
(according to the provisions of Law 4308/2014 as effective)

Registered Office: Industrial Area of Komotini, GR-69100

Companies Reg. No. 35100/67/B/96/003

G.E.MI. No. 014029110000

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MACEDONIAN THRACE BREWERY S.A.

ANNUAL BOARD OF DIRECTORS' REPORT

Dear Shareholders,

Pursuant to articles 150-154 of Law 4548/2018, we hereby submit for approval of the Annual General Meeting the accompanying financial statements of the Company and the Management Report for the year ended 31/12/2019.

The current report briefly describes financial information about the Company's financial position and results, the significant events occurred during the closing year, information about the main risks and uncertainties, information about management of significant financial risks faced by the Company as well as data and estimates in respect of the course of the Company's operations for the next fiscal year.

The financial statements have been prepared in compliance with the Greek Accounting Standards (GAAP) under Law 4308/2014. All items in the balance sheet and the income statement in this period are recognized on an accrual basis. The Company belongs to the category of "Medium-sized" entities under Law 4308/2014.

1. Introduction (Registered Offices - Branches - Objective – Scope of Operations)

MACEDONIAN THRACE BREWERY S.A. – hereafter referred to as "MTB S.A. or Company" under the discreet title "MACEDONIAN THRACE BREWERY S.A." - is domiciled in the Industrial Area of Komotini on a privately owned property. The Company has a branch in privately owned properties in the Industrial Area of Sindos, Thessaloniki and a branch in Pallini, Attica.

The Company's objective is preparation, production, processing and marketing of malt and beer products, aromatic plants and herbs in any form (liquid or solid), production and marketing of water, all kinds of soft drinks, beverages and similar products, of various qualities and in any packaging, production and marketing of all kinds of packaging items Brewery, Distillery. The Company mainly carries out wholesale sales in Greece and abroad.

2. External environment

In 2019, the economic activity in Greece further strengthened, increasing GDP by 1,8% with tourism and exports (+6%) being the main catalysts for another year.

Finally, while consumer confidence has increased, private consumption remains at extremely low levels of 1%.

In 2020, however, the Greek brewing sector is expected to lose 30% to 50% of its annual turnover, due to the effects of the COVID-19 pandemic, in a market that demonstrates strong seasonality in our country, with approximately 70% of sales in value taking place during the period from April to September.

The objective of all the companies operating in the segment is to "win at least two - three months of the season", which normally begins in March and closes in late September, because Greeks are accustomed to drinking beer in the hot months of the year and because consumption increases in summer due to incoming tourism.

The beer market will be affected by the changes brought about by COVID-19 in the operation of restaurants as well as in consumer behavior.

In respect of domestic tourism (which is associated with an increase in consumption) it is estimated that there will be a reduction of 40%.

Regarding incoming tourism, a drastic reduction of approximately 70% is estimated, which will have a tremendous impact on consumption.

3. Key accounting policies

The Management is responsible for the preparation and fair presentation of these financial statements, as well as for monitoring internal controls determined as necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

The following key accounting policies were applied under the preparation of the Balance Sheet of the financial year from 01/01/2019 to 31/12/2019 and the Income Statement:

1. Valuation of property, plant and equipment and their depreciation: Tangible fixed assets have been valued at their acquisition value (historical cost). Depreciation of these financial statements was carried out under straight-line method with rates selected by the Company's Management based on the useful financial life of the asset.

    - Useful life of buildings was set at 25 years.
    - Useful life of mechanical equipment was set at 10 years.
    - Useful life of vehicles was set at 6,25 to 8,33 years.
    - Useful life of PCs was set at 5 years.
    - Useful life of other tangible assets was set at 10 years.

2. Criteria for classification of assets and liabilities into short-term and long-term: Liabilities, whose maturity at the closing date of the Balance Sheet is longer than one year, have been classified as long-term, while all the others have been classified as short-term.

4. Risk management and financial instruments

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk. The Company's risk management plan aims to reduce the adverse impact on the Company's financial results arising from the inability to make accurate provisions for the financial markets and fluctuations in cost and sales variables.

Risk management is implemented by a central cash management department, whose policies are approved by the Board of Directors. The cash management department recognizes, measures and hedges financial risks in close cooperation with the other operating departments of the Company. The Board of Directors sets principles for overall risk management as well as policies that cover specific risks, such as foreign exchange risk, interest rate risk, credit risk, using mainly non-financial instruments and excess liquidity investments.

The Company's financial instruments consist mainly of bank deposits, bank borrowing, trade debtors and creditors.

a. Market risks

(i) Price fluctuation risk in raw materials

The Company is exposed to changes in the value of raw materials, packaging materials and consumables that it processes in its production. In particular, the volatility of the price of oil products, aluminium and other raw materials, as well as fuel and energy, could adversely affect the Company's results.

To mitigate this risk as much as possible, the Company's Management closely monitors the development of prices in these materials and tries to secure agreements in periods of price recession. Moreover, it maintains a wide network of suppliers, to ensure it can purchase raw materials at the most economical price based on offers, while it also seeks signing long-term cooperation agreements to limit potentially adverse fluctuations in the acquisition costs of these materials.

(ii) Interest rate risk

The Company's interest rate risk is increased due to long-term loan liabilities. These liabilities may be subject to variable interest rates and expose the company to interest rate risk, which is largely offset by the Company's policy of issuing long-term loans with interest rates including only the floating part of Euribor, which is the minimum part of the total interest rate.

The Company systematically analyzes the interest rate exposure on a dynamic basis that simulates a variety of scenarios taking into account refinancing and renewals of existing positions. Based on these scenarios, the Management calculates the main interest-bearing positions of the Company, the effect on the result of a certain interest rate change.

(iii) Foreign Exchange risk

The Company is exposed to foreign exchange risk arising from future commercial transactions and from identified Assets and Liabilities. The Company does not have significant Assets and Liabilities in a currency other than Euro and, therefore, there is no substantial foreign exchange risk arising from these items. Regarding the future commercial transactions carried out in a foreign currency, the Company has adopted the policy of performing transactions with advance settlement in order to limit the foreign exchange differences.

b. Credit risk

Credit risk arises from credit exposures to customers, including significant receivables and transactions, and is the risk of delayed or impossible collections of receivables.

Potential credit risk is included in both cash and cash equivalents. In these cases, the risk may arise from the inability of the counterparty to meet its obligations to the Company. In order to minimize this credit risk, the Company, within the framework of policies approved by the Board of Directors, sets limits on the amount to be exposed to each separate Financial Institution.

The main credit risk is related to the possibility of the Company's customers failing to meet their financial obligations. The prolonged recession burdening the Greek Economy, in combination with the lack of liquidity observed in the market, pose a particularly high risk of generating losses arising from the inability of customers to meet their financial obligations to the Company. However, the Management considers that the Company does not have a significant concentration of credit risk, since due to significant dispersion of receivables, there is no significant revenue arising from a single customer, the wholesale sales that cover most of the sales are mainly to customers with reduced degree of uncertainty, and the retail sales are collected in cash. Moreover, the Company's credit control department has put in place strict criteria for accepting customers and where necessary, additional insurance coverage is requested as a guarantee of the provided credit.

In addition, the Company's Management monitors on an ongoing basis collectability of its receivables and takes all the necessary measures where required.

c. <u>Liquidity risk</u>

Liquidity risk is defined as the Company's potential inability to repay in full or on time its current and future liabilities. In particular, the Company finances its operating and investing activities with funds arising from its own cash and cash equivalents as well as from Bank loan agreements, excluding until today singing financial agreements for assignment of receivables.

According to the debt ratio of short-term liabilities to current assets, the Company's liquidity is at satisfactory levels.

In addition, the Management monitors the rolling forecasts of the Company's needs for liquidity in order to ensure, on a permanent basis, the existence of the necessary liquidity for its operating needs, while maintaining the necessary margin in the unused loan financing (plafon), so that the existing available unused approved Bank credits could be sufficient to address any potentially arising cash shortages.

The Company invests potentially arising excess liquidity in interest-bearing current accounts, or if there is a need for time deposits, choosing financial instruments with the appropriate term or sufficient liquidity to provide sufficient liquidity margin as determined by the aforementioned provisions.

As at 31/12/2019 the Company held liquidity in current Bank accounts amounting to Euro 892.373 against Euro 1.369.610 at 31/12/2018.

d. <u>Inventory risk</u>

The Company takes all the necessary measures (insurance, security) to minimize the risk and potential losses arising from loss of inventory from natural disasters, theft and other malicious actions.

Capital risk management

The Management's objective, when managing the Company's capital, is to secure the Going concern, bring profits to Shareholders and benefits to employees as well as to maintain a capital structure that will achieve a reduction in capital costs.

In order to maintain or restructure the capital structure, the Company implements policies on a case-by-case basis, through which it increases or decreases the dividends and capital attributed to the Shareholders, issues new shares or sells assets to reduce any excess debts.

Capital is reviewed based on a leverage ratio. The ratio is calculated as the net debt divided by the total capital. Net debt is calculated as total borrowing less cash and cash equivalents while the total capital is accounted for as equity in the statement of financial position plus net debt.

	31/12/2019	*31/12/2018*
Total Debt	2.505.527	2.568.618
Less: Cash and cash equivalents	(893.732)	(1.382.673)
Net Debt	**1.611.795**	**1.185.945**
Total Equity	16.062.369	15.554.001
Total capital	17.674.164	16.739.946
Leverage ratio	**9,12%**	**7,08%**

5. Results for the current year

In 2019, despite the ongoing adverse Greek economic conditions, the Management significantly confirmed the realization of its strategic choices, which resulted in achieving profitability, despite the Turnover decrease, through the reduction of Beer sales volume by approximately 9.500 hectolitres (Hl).

Net sales revenue stood at Euro 22.828.473,06, compared to Euro 23.963.370,07 in the previous fiscal year, recording a decrease of 4,74%.

Gross profit for the year stood at Euro 7.603.610,26, i.e. a percentage of 33,31% of the Turnover, recording a slight decrease compared to the previous year by -1%, which is mainly due to the decrease in the volume of beer sales by - 5% with the selling price per hectolitre almost unchanged, although its operations present higher gross profit margin than operations regarding Malt and Tuvunu products.

The Company's results are positive for the ninth consecutive year, since the establishment of the Company and amounted to profit before tax of Euro 1.401.058,45, compared to profit of Euro 4.018.823,80 in the previous year.

Profitability ratios are as follows:

	1/1 - 31/12/2019	*1/1 - 31/12/2018*
Gross profit margin	33,31%	34,31%
EBITDA margin	16,22%	28,41%
EBIT margin	6,55%	17,67%
Profit before Tax margin	6,14%	16,77%
Profit after Tax margin	5,13%	11,56%
% operating expenses on sales	59,52%	56,87%

Performance ratios are as follows:

	1/1 - 31/12/2019	*1/1 - 31/12/2018*
Return on capital employed	6,09%	13,99%
Return on equity	7,53%	19,15%

6. Assets, equity, loans, liabilities

The Company's financial position during the closing year is considered highly satisfactory. We are presenting below the representative financial ratios for the year ended as well as the previous year, through which the Management monitors the Company's efficiency and liquidity.

Total assets amounted to 25.072.424,66 Euro, compared to 23.793.770,02 Euro in the previous year. The Company during the year made significant investments. Changes in the Company's fixed assets during the year are analytically presented in Note 5 of the accompanying Notes and briefly in the following table:

ACQUISITION OF ASSETS IN 2019	
Prim. Gen. Acc. – DESCRIPTION	**Total**
10 – LAND	**419.088,29**
11 – BUILDINGS	**427.022,82**
12 – MECHANICAL EQUIPMENT	**232.480,33**
13 – VEHICLES	**45.195,00**
14 – FURNITURE AND OTHER EQUIPMENT	**478.798,84**
15 – ASSETS UNDER CONSTRUCTION	**728.221,23**
16 – INTANGIBLE ASSETS	**97.275,52**
Total	***2.428.082,03***

Liquidity ratios are as follows:

	31/12/2019	*31/12/2018*
Current ratio	1,51	1,44
Acid-test ratio	0,89	0,87
Cash ratio	0,13	0,20
Working capital	3.622.415,10	3.092.053,88

Operating ratios are as follows:

	1/1 - 31/12/2019	*1/1 - 31/12/2018*
Receivables Turnover	4,19	5,15
Inventory Turnover	5,42	5,25
Average Receivables Collection Period	87	71
Average Inventory Liquidation Period	67	69

Capital structure ratios are as follows:

	31/12/2019	*31/12/2018*
Equity to Debt	1,78	1,75
Equity to Total Capital	0,64	0,64

7. Share Capital

The Company's share capital amounts to Euro 3.896.026 divided into 220.738 common anonymous voting shares, with a nominal value of seventeen Euro and sixty-five cents (Euro 17,65) each. In 2019, the reduction of Euro 431.189 of the paid-up share capital arose from the acquisition and following cancellation of 24.430 treasury shares of the Company, held by the Shareholder "Hotel ILISIA S.A.", whose nominal value amounts to Euro 431.189 (Euro 17,65 per share) and represents 9,96% of the total share capital of the Company, and the acquisition consideration of these shares amounted to Euro 534.772,70 (Euro 21,89 per share).

The reason for the acquisition of treasury shares was the decision of the Shareholder to finance its investment project through liquidation, within 2018 and 2019, of all the shares held by the Shareholder in our Company.

8. Dividend Policy

According to the provisions of the Greek commercial law, every year the companies are obliged to distribute first dividend corresponding to minimum 35% of the profits after taxes following the formation of the statutory reserve. Non-distribution of dividend prerequisites the approval of 70% of the paid-up Company's share capital.

Moreover, Greek commercial law requires the existence of specific conditions for the distribution of dividends, which are as follows:

a) Distribution of dividend to Shareholders is prohibited if the Company's Equity as it appears in the statement of financial position after this distribution, is less than the Equity increased by the non-distributed reserves.

b) The amount of dividend distribution to the Shareholders shall not exceed the amount of the results of the last closing year (decreased by the amount of the credit items in the income statement that do not constitute realized profits), plus earnings arising from previous years and reserves for which their distribution is allowed and decided by the General Meeting of Shareholders, decreased by the amount of losses of previous years and the amounts that must be allocated for the formation of reserves in accordance with the law and the articles of association.

Today, August 3, 2020, the Company's Board of Directors decided to propose to the Annual General Meeting of Shareholders distribution of net dividend to Shareholders amounting to Euro 300.000,00 for 2019, which corresponds to dividend of 1,359077 Euro per share.

9. Non-financial information

The Company seeks to grow through the ongoing effort to expand and improve its products and services, in a responsible way, contributing to the well-being of its people, caring for the environment and supporting the local community where it operates.

The principles of sustainable development are a guide in the formulation of the Company's business strategy, which is implemented on the basis of economic growth, employees well - being, environmental responsibility and social sensitivity.

The Company's key principle is generating high quality products and services and protecting consumer health.

Quality and safety of the products is a key responsibility of the Top Management and is the result of good cooperation and teamwork of all the staff.

Responsibility for our people

The Company employed an average of 116 employees in the closing year, compared to 113 in the previous year.

The saying "Our people are our assets" clearly reflects the modern face of the Company. Our most significant asset is the people who have worked and are working for so many years to achieve our corporate objectives.

The Company takes care of the development of people at a professional and personal level, while it has integrated responsible labour practices in the way it manages labour issues. The working environment is characterized by meritocracy and provision of equal opportunities to all the employees.

According to the Company's policy, no discrimination of any kind is accepted on the basis of gender or other characteristics. Social or ethnic background, political or religious beliefs, age, sexual orientation, physical ability and gender are not criteria for evaluating employees, but an opportunity for new innovations and better results.

In addition, the Company is committed to maintaining a healthy and safe working environment and implements actions to eliminate the conditions that could lead to an incident. In this context, the Company employs a safety technician, who - in collaboration with the Management and the employees - ensures safety in the workplace.

Maintaining a safe working environment requires ongoing cooperation of all the employees, and, in this context, the Company significantly invests in constant provision of information and training in health and safety issues.

Finally, the Company is certified with a Quality Management System according to the FSSC 22000 standard. Integrated Agricultural Production Management System AGRO 2.1-2.2. as well as QM CERT Organic Production Process. Within the framework of this certification, the Company informs and inspects the staff, provides appropriate clothing and, generally, takes care of sound observance of the hygiene rules.

Care for the environment

The Company recognizes the importance of its contribution to the effort aimed at combating climate change, and therefore makes everything possible to protect the environment.

The Company mainly uses "natural gas", whose consumption does not burden the environment.

The implementation of the Integrated Agricultural Production Management System AGRO 2.1-2.2. as well as Organic production process reduces to a minimum the environmental burden of the production of barley and iron ore raw material.

The Company's production procedure entails waste and residues, which are not included among the potentially hazardous waste, as they are determined based on the decision 2001/118 /EC. (EEL 47/2001). Waste management is carried out responsibly in cooperation with licensed collaborators and always in accordance with the provisions of applicable legislation. Analytically, waste arising during the production procedure is as follows:

- Raw unpacking material.
- Other material (soil and stones).
- Loss of raw material during the production procedure.
- Municipal waste from staff.

Indicative of non-pollution of the environment and its non-burden during the Company's operations, is that according to legislation, sampling and analysis of waste are not required. Also, part of the waste (paper packaging, cartons, etc.) is received by a specialized recycling company.

In addition, the Company submits annual statements to the "Hellenic Recycling Organization" (EON) and participates in the National Rewarding Packaging Recycling System. Finally, the Company operates a biological treatment plant, which meets all legal requirements, carrying out regular sampling checks.

Care for the society

The Company develops programs and implements actions to support the local community either independently as a Company or in collaboration with Non-Profit Organizations.

10. Significant events taking place in the closing year and their effects on the financial statements.

On 12.12.2019, following its decision no. 392/12.12.2019, the Company's Board of Directors decided on merger through absorption of the Societe Anonyme under the title "TUVUNU S.A." by the Company, with a transformation balance sheet as at 31.12.2019, in accordance with the provisions of articles 1-5 of Law 2166/1993, the provisions of art. 6 par. 2, 7-21 of Law 4601/2019 and Law 4548/2018.

Until the date of approval of the financial statements, the Draft Merger Agreement has been approved and published in G.E.MI. by the Boards of Directors of both Companies and the whole procedure is expected to be formally completed within 2020.

Apart from the aforementioned event, no other significant event occurred during the year, whose effect has not been included in the accompanying Financial Statements and which may have a significant effect on the operations and the financial position of the Company.

11. Prospects for the current year

The Company will continue to operate in the domain of production and marketing of beer and malt products and in the production of aromatic plant infusions as it has done so far, seeking to increase its market share. After the completion of the expansion investment of the Malt Factory in 2017, the production of Malt in 2019 increased by 51,4% compared to the previous year, however the Management seeks a further increase of 18% of the volume of malt produced within the next two years aiming to improve the profitability of the specific operation.

The objective for the year 2020 is, first of all, to maintain the current conditions and if the general conditions of the Greek Economy allow it, to increase revenues and profits that will result from the increase of both - the average selling price and the maintenance of production costs at the level of the current year.

Due to the extraordinary conditions arising from the COVID-19 pandemic, it is not possible to make analytical projections for 2020, as conditions are reviewed and assessed on a monthly basis. Analytical projections for activity levels and results for the next year, given the ongoing financial crisis, are rather uncertain.

Despite the ongoing adverse effects, from the inoperative free competition, arising from the distortion of the Greek beer market caused by the long-term and systematic abuse of a dominant position subsidiary of Heineken (Athenian Brewery) in Greece, despite the general unfavorable and social climate and the not so favorable macroeconomic provisions, regarding the future levels of demand, the Management believes that the objectives will be achieved through expansion and diversification of our product range, our sound management policy and mainly through further improvement of services to our customers and immediate and effective response to their needs.

The Management aims to continue the effort of further reduction of the operating expenses and further utilization of the economies of scale it has developed, mainly once the Malt Factory has started operating and is expanding.

With 60% of sales in the Greek market concerning restaurants and small retail outlets (Hotels, Restaurants, Cafes), between March 15 and May 31, there was a decrease in sales volume.

With the increase of sales in the channel of Organized Retail and the new significant collaborations (in the same channel), with the condition of active operation of the tourism market, as well as the increase of sale price per Hlt, we expect coverage of losses and significant recovery of EBITDA.

12. Significant events taking place from the end of the year until the approval date of the BoD Report.

No significant events took place from the end of the closing year until the day of preparation of this report, that should have been reported in this report and the whole course of the Company's operations is sound. In particular:

- **Losses, which require adjustment of balance sheet items.**
  No such events.
- **Losses, which do not require adjustment of the balance sheet items but should be disclosed.**
  No such events.
- **Events indicating that the Company is facing a problem regarding its going concern.**
  No such events.
- **Contingent loss-bearing events expected to occur at the time of submission of the Report.**
  No such events.

On December 31, the last day of 2019, the WHO was notified of pneumonia cases in Wuhan Province, Hubei, China.

In less than 90 days, in March 2020, the WHO declared COVID-19 a global pandemic.

In the 1st week of March 2020, the first measures were taken by the Company.

- Supplies of sanitary material (masks, disposable gloves, thermometers, antiseptics, weekly shift separation).

While until today the following decisions have been taken and remain effective:

- Special arrangements for employees belonging to vulnerable groups.
- Establishing the procedures that require staff to report if they feel sick and to report possible infection.
- Development of strict protocols in the attendance of employees, distances in the workplace, disinfections.
- Cancellation of all trips abroad.
- Prohibition of entry to the premises, except for employees and suppliers.

As the phenomenon is in full swing, its quantitative and qualitative effects on the operation of the Company are under assessment.

In conclusion, after several years of successful presence in the market and having acquired a remarkable reputation in the field, the Company addresses the challenges of the future with optimism and in accordance with the expectations of its customers, staff and shareholders.

In view of the above, dear Shareholders, you are kindly requested to approve the Financial Statements and release the Board of Directors and the Certified Public Auditors from any liability for compensation.

Komotini, 03 August 2020

The Chairman
Of the Board of Directors

Theodora Katsikoudi
ID Num.: AM 904540

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MACEDONIAN THRACE BREWERY S.A.

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the Company MACEDONIAN THRACE BREWERY S.A. ("the Company"), which comprise the statement of financial position as at December 31, 2019, the income statement and the statement of changes in equity for the year then ended and the relative attachment.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company MACEDONIAN THRACE BREWERY S.A. as at 31 December 2019 and its financial performance for the year then ended in accordance with the provisions of Law 4308/2014 as currently effective.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) incorporated into the Greek Legislation. Our responsibilities under those standards are described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company within the entire conduct of our appointment, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) incorporated into the Greek Legislation and ethical requirements relevant to the audit of financial statements in Greece and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient appropriate to provide a basis for our opinion.

Other Matter

The Company's financial statements for the previous year ended as at 31/12/2018 were audited by another auditing firm. Regarding the aforementioned tear, on 26/7/2019 the certified Public Accountant issued an Unqualified Opinion Independent Auditor's Report.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of Law 4308/2014 as currently effective and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management's intention is to proceed with liquidating the Company or discontinuing its operations or unless the management has no other realistic option but to proceed with those actions.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as an aggregate, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, incorporated into the Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, incorporated into the Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We disclose to the management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Taking into consideration the fact that under the provisions of Par. 5, Article 2 (part B), Law 4336/2015, management has the responsibility for the preparation of the Board of Directors' Report, the following is to be noted:

a) In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Article 150, Law 4548/2018, and its content corresponds to the accompanying financial statements for the year ended as at 31.12.2019.

b) Based on the knowledge we acquired during our audit, we have not identified any material misstatements in the Board of Directors' Report in relation to the Company MACEDONIAN THRACE BREWERY S.A. and its environment.

Athens, 04 September 2020

Certified Public Accountant

Andreas Sofis

SOEL Reg. Num. 47771

Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio Faliro, Greece
Registry Number SOEL 127

BALANCE SHEET AS AT DECEMBER 31, 2019

(Amounts in Euro)

	Note	31/12/2019	31/12/2018
Non Current Assets			
Tangible assets			
Land - Buildings	5	4.845.245,32	4.177.946,64
Mechanical equipment	5	4.311.939,25	5.162.401,67
Other equipment	5	3.147.325,70	3.826.997,34
Total		12.304.510,27	13.167.345,65
Intangible assets			
Software	5	87.288,30	1.553,21
Other Intangible Assets	5	10.277,28	5.636,92
Total		97.565,58	7.190,13
Assets under construction and prepayments for non-current assets	5	728.221,23	5.181,17
Financial assets			
Loans and receivables	7	1.147.957,04	1.147.957,04
Other	7	33.163,48	37.163,48
Total		1.181.120,52	1.185.120,52
Total non-current assets		**14.311.417,60**	**14.364.837,47**
Current assets			
Inventories			
Finished and semi-finished products		2.559.695,04	2.101.022,77
Merchandise		25.519,36	21.274,00
Raw materials and consumables		1.587.076,09	1.442.582,93
Other inventories		378.775,40	472.255,08
Prepayments for inventories		2.956,00	0,00
Provision for inventory obsolescence		(167.595,49)	0,00
Total		4.386.426,40	4.037.134,78
Financial assets and payments on account			
Trade receivables	8	3.512.570,25	3.911.818,91
Other receivable	9	1.929.289,09	736.790,83
Prepaid expenses		38.988,97	24.404,51
Cash and cash equivalents	10	893.732,35	1.382.673,48
Total		6.374.580,66	6.055.687,73
Total current assets		**10.761.007,06**	**10.092.822,51**
TOTAL ASSETS		**25.072.424,66**	**24.457.659,98**

		Note	31/12/2019	31/12/2018
Equity				
Paid-up capital				
Share capital		11	3.896.025,70	4.327.215,20
Own shares		11	(413.764,92)	(844.954,42)
	Total		3.482.260,78	3.482.260,78
Reserves and retained earnings				
Statutory reserve		11	4.018.161,97	3.959.632,87
Tax-free reserves		11	5.017.593,60	4.735.240,29
Retained earnings			3.544.352,45	3.376.866,96
	Total		12.580.108,02	12.071.740,12
Total equity			**16.062.368,80**	**15.554.000,90**
Provisions				
Provisions for employee benefits		12	214.677,65	263.148,64
Other provisions		12	30.000,00	0,00
	Total		244.677,65	263.148,64
Long-Term Liabilities				
Long-term bank loans		13	1.626.786,25	1.634.493,69
Government grants			0,00	5.248,12
	Total		1.626.786,25	1.639.741,81
Current liabilities				
Short-term bank loans		13	4,43	0,00
Current portion of long-term debt		13	878.736,09	934.124,10
Trade payables		14	1.056.515,23	923.765,11
Income tax			230.476,54	1.248.568,32
Other taxes and duties		16	2.678.014,67	1.307.170,41
Social security organizations		16	153.857,66	159.505,87
Other payables		15	2.006.750,80	2.335.370,09
Deferred Income			984,20	984,20
Accrued liabilities		17	133.252,34	91.280,53
	Total		7.138.591,96	7.000.768,63
Total liabilities			**8.765.378,21**	**8.640.510,44**
TOTAL EQUITY AND LIABILITIES			**25.072.424,66**	**24.457.659,98**

The accompanying Notes constitute an integral part of the annual financial statements.

INCOME STATEMENT

(Amounts in Euro)

	Note	1/1 - 31/12/2019	1/1 - 31/12/2018
Turnover (net)	18	22.828.473,06	23.963.370,07
Cost of sales	19	(15.224.862,80)	(15.741.772,61)
Gross profit/(loss)		**7.603.610,26**	**8.221.597,46**
Other operating income	20	103.113,94	96.987,16
Administrative expenses	21	(1.862.632,52)	(1.671.807,32)
Distribution costs	21	(4.008.997,76)	(3.345.613,68)
Other expenses and losses	22	(509.570,81)	(41.644,95)
Other income and gains	23	170.060,46	975.016,65
Earnings/(loss) before interest and tax (EBIT)		**1.495.583,57**	**4.234.535,32**
Interest and similar income		480,72	9,77
Interest and similar expenses		(95.005,84)	(215.721,29)
Profit/(loss) before tax		**1.401.058,45**	**4.018.823,80**
Income tax expense	24	(230.476,54)	(1.248.568,32)
Profit/(loss) after tax		**1.170.581,91**	**2.770.255,48**

The accompanying Notes constitute an integral part of the annual financial statements.

STATEMENT OF CHANGES IN EQUITY

(Amounts in Euro)

	Share Capital	Own shares	Legal or Statutory reserves	Tax-exempted reserves	Retained earnings	Total
Balance 31/12/2017	4.662.565,20	(229.621,72)	3.843.694,96	4.452.886,98	1.736.006,37	14.465.531,79
Acquisition of own shares	0,00	(950.682,70)	0,00	0,00	0,00	(950.682,70)
Cancellation of own shares	(335.350,00)	335.350,00	0,00	0,00	0,00	0,00
Dividend paid	0,00	0,00	0,00	0,00	(731.103,68)	(731.103,68)
Reserve formation	0,00	0,00	115.937,91	282.353,31	(398.291,22)	0,00
Profit/(loss) for the period	0,00	0,00	0,00	0,00	2.770.255,48	2.770.255,48
Balance 31/12/2018	4.327.215,20	(844.954,42)	3.959.632,87	4.735.240,29	3.376.866,95	15.554.000,89
Acquisition of own shares	0,00	0,00	0,00	0,00	0,00	0,00
Cancellation of own shares	(431.189,50)	431.189,50	0,00	0,00	0,00	0,00
Dividend paid	0,00	0,00	0,00	0,00	(662.214,00)	(662.214,00)
Reserve formation	0,00	0,00	58.529,10	282.353,31	(340.882,41)	0,00
Profit/(loss) for the period	0,00	0,00	0,00	0,00	1.170.581,91	1.170.581,91
Balance 31/12/2019	3.896.025,70	(413.764,92)	4.018.161,97	5.017.593,60	3.544.352,45	16.062.368,80

The accompanying Notes constitute an integral part of the annual financial statements.

NOTES TO FINANCIAL STATEMENTS
AS AT 31/12/2019
(according to the provisions of Article 29, Law 4308/2014 as effective)
MACEDONIAN THRACE BREWERY S.A.
("the Company")

1 Information about the Company (29§3)

Address: Industrial Area of Komotini, GR-69100 Komotini

General Commercial Registry (G.E.MI.): 014029110000

Entity Category: Medium-sized

	1/1 - 31/12/2019	*1/1 - 31/12/2018*
Turnover	22.828.473,06	23.963.370,07
Total assets	25.072.424,66	24.457.659,98
Average headcount	116	113

Reporting Period: From 1/1/2019 to 31/12/2019

The Company has prepared financial statements for the closing year based on the going concern principle and in accordance with the provisions of Law 4308/2014.

All amounts, in the financial statements, as well as in all the tables of the Notes, are expressed in Euro.

Risk Factors Regarding the Company's Ability to Continue as a Going Concern (29§4)

There are no factors putting at risk the Company's ability to continue as a going concern that the Management is aware of.

2 Accounting Policies (29§5)

The accounting policies, based on which the accompanying financial statements are prepared and which are systematically applied by the Company areas follows:

2.1 Tangible Fixed Assets

Tangible fixed assets are initially recognized at acquisition cost and are subsequently measured at initial acquisition cost plus improvement costs, plus repair and maintenance costs - only if they meet the asset definition - and less depreciation and impairment.

Fixed assets include as follows:

a) Fixed assets improvement costs.

(b) Repair and maintenance expenses only when they fall within the definition of the asset. In all other cases, the related costs are recognized as an expense.

(c) Development costs are recognized as an asset when, and only when, all of the following conditions are met:

- The Company has the intention and technical ability to complete the relevant assets, so that they are available for use or disposal.
- It is estimated that these assets will bring future economic benefits.
- There is a reliable system for measuring the costs attributable to these assets.

(d) The cost of dismantlement, removal and restoration of property, plant and equipment when the related liability is incurred by the entity as a result of installation of the asset or its use during a particular period, for purposes other than production of inventories during that period. When such costs relate to production of inventories during a particular period, these costs burden the produced inventory.

2.2 Self-produced fixed assets

Acquisition cost of a self-producer fixed asset includes as follows:

a) the total cost required for the item to reach the operating condition for which it is intended,

b) the cost of raw materials, consumables, labor and other costs directly related to the assets in question, and

c) a reasonable proportion of fixed and variable costs indirectly related to the assets in question, to the extent such costs relate to the production period.

The cost of self-produced asset with a prolonged construction or production period can be burdened with interest of interest-bearing liabilities in so far as they are attributable to it.

2.3 Semi-final self-produced assets

Sucvh assets are measured at the cost absorbed at the balance sheet date, which includes the cost of raw materials, consumables, labor and any other costs directly attributable to that asset.

2.4 Depreciation on tangible assets

The value of tangible assets with definite useful life is depreciated. Depreciation is charged when the asset is ready for its intended use and is calculated based on its estimated useful life.

Regarding the accompanying financial statements, depreciations were conducted using the straight-line method with rates selected by the Company's Management based on the useful life of an asset as follows:

- Buildings: 25 years.
- Mechanical equipment: 10 years.
- Vehicles - Passenger cars: 6,25 years.
- Vehicles – Trucks : 8,33 years.

- Personal Computers: 5 years
- Other tangible fixed assets: 10 years.

Repairs and maintenance of fixed assets are expedited immediately. The value and accumulated depreciation of tangible fixed assets, withdrawn or disposed of, are deducted from the assets accounts at the time of disposal of withdrawal and any gain or loss is recognized in the income statement.

Tangible fixed assets are depreciated under the straight-line method over their useful lives.

2.5 Intangible assets

Intangible assets include licenses - concessions – royalties, computer software, trade names and trademarks.

The value of licenses - concessions - royalties includes the acquisition cost of the intangible asset and any cost incurred subsequently to renew the period of its use, decreased by the amount of accumulated amortisation and any impairment losses.

The value of computer software licenses includes the costs incurred to acquire and bring to use the specific software, decreased by the amount of accumulated amortisation and any impairment losses. Significant subsequent costs are recognised as intangible assets when they increase their efficiency beyond the initial specifications.

Amortisation of licenses - concessions – royalties is calculated using the straight-line method over their estimated useful lives. Amortisation of computer software licenses is calculated using the straight-line method in 5 years.

Trademarks are not amortised since they are considered to have an indefinite useful life but are tested annually for impairment.

The amortisation charge on all the assets as above is included in the income statement.

2.6 Impairment of Assets

Assets with indefinite useful life are not amortized and are subject to impairment at least annually and when certain facts indicate that the carrying amount may not be recoverable.

Depreciable assets are subject to impairment test when there is evidence that their carrying amount will not be recovered. Such indications are examined at every balance sheet date.

2.7 Inventory

Inventory is initially recognized at cost. The acquisition cost of inventory includes all the costs required for the items of the inventory at be at their present location and condition.

The cost of producing goods or services is determined applying one of the generally accepted cost methods and includes the following:

a) the cost of raw materials, consumables, labor and other costs directly related to the assets in question, and

b) a reasonable proportion of fixed and variable costs indirectly related to the assets in question, to the extent such costs relate to the production period.

Distribution and administrative costs do not burden the production costs.

Subsequent measurement. Following the initial recognition, invent is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business of the Company, less the estimated cost of completion and the estimated cost required proceed with the disposal.

The acquisition cost of the Company's final inventory

a) was determined applying the weighted average method

b) the Company used the same method in respect of inventory of similar nature and use.

Different methods can be applied in respect of the inventory of different nature or use.

2.8 Financial instruments

A financial instrument is any contract that creates a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets and liabilities of the Balance Sheet include cash and cash equivalents, receivables, other financial instruments and short-term and long-term liabilities.

The accounting policies used under recognition and valuation of these assets and liabilities are analytically presented below as follows.

Financial products are presented as assets, liabilities or equity items based on the substance and content of the relevant contracts from which they arise.

Interest, dividends, gains and losses arising from financial products, are classified as assets or liabilities are recognized as expenses or income respectively. Distribution of dividends to shareholders is recorded directly in Equity after the date the distribution is approved by the General Meeting of the Company's shareholders.

Financial products are offset when the Company has this legal right and intends to offset them on a net basis (between them) or to recover the asset and offset the liability at the same time.

2.9 Trade receivables

Trade receivables are initially recorded at fair value, which coincides with the nominal value, and are subsequently carried at that value less any provision for potential impairment.

An impairment loss is recognized when there is objective evidence that the Company is unable to recover all amounts due under the terms of the contract. The amount of the impairment loss is recognized in the income statement.

2.10 Cash and cash equivalent

Cash and cash equivalents include cash in hand and cash at the bank as well as any high liquidity short-term investments such as repos and bank deposits.

2.11 Share capital

Direct expenses incurred for the issue of shares are recorded after the deduction of the relevant income tax as a reduction of the product of the issue.

When acquiring equity shares, the consideration paid, including related expenses, is recorded as a reduction of equity.

2.12 Income tax & deferred tax

Income taxes burdening the year include only current taxes, as the Company does not make use of an optional application of deferred tax, i.e. no tax charges or tax relief arising in the period are calculated, since they have already been charged or will be charged by the tax authorities to different tax periods.

Pursuant to the provision stated in article 23.3.6 of the accounting directive under Law 4308/2014, the Company decided not to apply deferred tax accounting for reasons of accuracy and simplification of the financial statements.

Income tax is recognized in the income statements for the year, except for the tax relating to transactions recorded directly in equity, in which case it is recognized directly in equity.

Current income taxes include short-term liabilities to and/or receivables from the financial authorities related to taxes payable on the taxable income for the year and any additional income taxes relating to prior years.

2.13 Provisions

Provisions are recognized when the Company has present legal or constructive liabilities as a result of past events, when it is probable that they will be settled through outflows and the exact amount of the liability can be estimated reliably.

Provisions are reviewed at the balance sheet date and adjusted so as to reflect the present value of the expenses, expected to be required to settle the liability.

Contingent liabilities are not recognized in the financial statements but are disclosed, unless the likelihood of an outflow of resources incorporating financial benefits is minimal.

Contingent assets are not recognized in the financial statements but are disclosed as long as the inflow of financial benefits is probable.

2.14 Revenue recognition

Revenue is recognized to the extent it is probable that the financial benefits will flow to the Company and the relevant amounts can be measured reliably. Revenue includes the fair value of sales of goods and services, net of Value Added Tax, discounts and rebates.

Gains from the sale of assets are accounted for as income when the right to receive payment is established and are included in the item "Other ordinary income" and "Results of disposal of non-current assets".

2.15 Expenses recognition

Expenses are recognized on an accrual basis in the income statement. Payments made under operating leases are carried forward to the income statement as an expense, whereas in the case of finance leases, expenses are carried forward to the income statement as an expense only in the part relating to interest within the year of the lease. Interest expenses are recognized on an accrual basis.

2.16 Borrowings

Loan liabilities are recorded at their current value and are classified as short-term if they are repaid within 12 months from the balance sheet date, while loan repayments over 12 months are recorded as long-term.

Borrowing costs are recognized as an expense in the period when incurred.

2.17 Distribution of dividends

Distribution of dividends to the Company's shareholders is recognized as a liability in the financial statements on the date when the distribution is approved by the General Meeting of shareholders.

2.18 Government grants

Government grants for staff training or other expenditure are recorded in revenue based on the principle of correlation between revenue and expenditure.

Government grants related to fixed assets are recorded in Liabilities as long-term liabilities and are transferred to revenue according to the useful life of the relevant assets.

2.19 Leases

Payments made under operating leases are recorded in the income statement as expenses within the year of the lease.

Leases are accounted for as loan agreements and, therefore, leased assets are presented as assets of the entity (subject to amortization), in line with a corresponding recognition of financial liability to the lessor or lessors. The cost of financing is recorded in the income statement as an expense when accrued.

2.20 Changes in accounting policies

The accounting principles under which the accompanying financial statements have been prepared are consistent with those applied in the previous year.

2.21 Employee benefits

The Company has no formal or informal special employee benefit plan, binding it to benefits in case of retirement, disability, etc. of its employees.

The only effective plan pertains to the obligation arising from the current legislation, namely Law 2112/1920. According to this law, the employee is entitled to compensation in certain cases of termination of employment. This compensation is a legal obligation of the employer. Obligation to pay compensation arises in two following cases:

(a) If an employee is dismissed, the employer is obliged to pay him/her 100% of the compensation.

(b) In the event an employee leaves or is dismissed when he/she qualifies for a full old-age pension, the employer is required to pay him/her 40% of the compensation, provided the employee is covered by a supplementary fund, otherwise the employer is required to pay 50% of the compensation.

In any other case (e.g. death, disability, voluntary departure of the employee) no compensation is paid.

The employer is solely responsible for financing the compensation under Law 2112/1920.

Moreover, the cost of previous service is recognized directly in the income statement.

2.22 Correction of prior periods' errors

Corrections of errors are recognized by retrospective correction in the financial statements of all the periods that are published together with the financial statements of the current period.

No need for such corrections has arisen within the current period.

2.23 Changes in accenting policies and methods

Changes in accounting policies and methods, are recognized by retrospective restatement of the financial statements of all the periods that are published together with the statements of the present period to facilitated comparability of the items.

No need for such changes has arisen within the current period.

2.24 Changes in accounting estimates

Changes in accounting estimates are recognized in the period when it is ascertained that they arise and affect this period and future periods, as appropriate. Such changes are not recognized retrospectively.

No need for such changes has arisen within the current period.

3 Disclosure of deviations (29§6 & 16§2)

When in exceptional circumstances, the Company deviates from the application of a law provision in order to fulfil the obligation of fair presentation of the financial statements, it discloses and sufficiently justifies the reasons for the deviation.

No need for such deviations has arisen within the current period.

4 Relation of an asset or a liability with more than one item of the balance sheet (29§7)

There are no assets or liabilities are related with more than one item of the balance sheet.

5 Analysis of tangible and intangible fixed assets (29§8)

Changes in tangible fixed assets are analysed as follows:

	Land	Buildings	Mechanical equipment	Vehicles	Other equipment	Advances and non-current assets under construction	Total
Acquisition Cost							
Balance 1/1/2018	984.610,88	6.236.889,83	21.601.971,50	1.144.347,84	12.845.046,86	1.821.598,64	44.634.465,55
Acquisitions/Additions	0,00	940,00	109.858,80	0,00	384.181,25	0,00	494.980,05
Sales/Write offs	0,00	(588,00)	0,00	0,00	(6.794.685,69)	0,00	(6.795.273,69)
Internal transfers	0,00	449.384,58	1.258.667,89	32.995,00	75.370,00	(1.816.417,47)	0,00
Balance 31/12/2018	984.610,88	6.686.626,41	22.970.498,19	1.177.342,84	6.509.912,42	5.181,17	38.334.171,91
Accumulated depreciation							
Balance 1/1/2018	0,00	(3.316.628,31)	(16.734.979,81)	(463.294,55)	(7.487.175,48)	0,00	(28.002.078,15)
Depreciation charge	0,00	(176.662,34)	(1.073.116,71)	(151.548,45)	(1.083.910,04)	0,00	(2.485.237,54)
Sales/Write offs	0,00	0,00	0,00	0,00	5.325.670,60	0,00	5.325.670,60
Balance 31/12/2018	0,00	(3.493.290,65)	(17.808.096,52)	(614.843,00)	(3.245.414,92)	0,00	(25.161.645,09)
Net accounting value 31/12/2018	984.610,88	3.193.335,76	5.162.401,67	562.499,84	3.264.497,50	5.181,17	13.172.526,82
Acquisition Cost							
Balance 1/1/2018	984.610,88	6.686.626,41	22.970.498,19	1.177.342,84	6.509.912,42	5.181,17	38.334.171,91
Acquisitions/Additions	419.088,29	427.022,82	232.480,33	45.195,00	478.798,85	728.221,23	2.330.806,52
Sales/Write offs	0,00	0,00	0,00	(56.903,77)	(560.001,72)	0,00	(616.905,49)
Internal transfers	0,00	0,00	5.181,17	0,00	0,00	(5.181,17)	0,00
Balance 31/12/2019	1.403.699,17	7.113.649,23	23.208.159,69	1.165.634,07	6.428.709,55	728.221,23	40.048.072,94
Accumulated depreciation							
Balance 1/1/2018	0,00	(3.493.290,65)	(17.808.096,52)	(614.843,00)	(3.245.414,92)	0,00	(25.161.645,09)
Depreciation charge	0,00	(178.812,43)	(1.088.123,92)	(154.939,86)	(777.912,70)	0,00	(2.199.788,91)
Sales/Write offs	0,00	0,00	0,00	56.903,74	289.188,82	0,00	346.092,56
Balance 31/12/2019	0,00	(3.672.103,08)	(18.896.220,44)	(712.879,12)	(3.734.138,80)	0,00	(27.015.341,44)
Net accounting value 31/12/2019	1.403.699,17	3.441.546,15	4.311.939,25	452.754,95	2.694.570,75	728.221,23	13.032.731,50

Changes in intangible fixed assets are analysed as follows:

	Other intangible assets	Software	Total
Acquisition Cost			
Balance 1/1/2018	255.369,36	143.794,33	399.163,69
Acquisitions/Additions	1.699,00	1.238,23	2.937,23
Balance 31/12/2018	257.068,36	145.032,56	**402.100,92**
Accumulated amortisation			
Balance 1/1/2018	(250.320,98)	(128.279,15)	(378.600,13)
Amortisation charge	(1.110,46)	(15.200,20)	(16.310,66)
Balance 31/12/2018	(251.431,44)	(143.479,35)	(394.910,79)
Net accounting value 31/12/2018	5.636,92	1.553,21	7.190,13
Acquisition Cost			
Balance 1/1/2019	257.068,36	145.032,56	402.100,92
Acquisitions/Additions	7.405,39	89.870,13	97.275,52
Balance 31/12/2019	264.473,75	234.902,69	499.376,44
Accumulated amortisation			
Balance 1/1/2019	(251.431,44)	(143.479,35)	(394.910,79)
Amortisation charge	(2.765,03)	(4.135,04)	(6.900,07)
Balance 31/12/2019	(254.196,47)	(147.614,39)	(401.810,86)
Net accounting value 31/12/2019	10.277,28	87.288,30	97.565,58

6 Fair value measurement (29§10 & Article 24)

No fair value measurement was applied. Financial assets and liabilities were measured at cost, which according to Management estimates, does not differ from their fair value.

7 Financial assets

The Company's financial assets are analysed as follows:

(Amounts in Euro)	**31/12/2019**	**31/12/2018**
Loans and receivables	1.147.957,04	1.147.957,04
Guarantees given	33.163,48	37.163,48
Total	1.181.120,52	1.185.120,52

The item "Loans and Receivables" includes an amount of € 1.076.986,70 pertaining to the grants receivable from the Manpower Employment Organisation (OAED), for subsidization of payroll cost of border regions from the year 2010 to the removal of the subsidy as of 11/04/2016 without the removal concerning the Company's claims generated up to this date. The Company has filed a lawsuit against OAED on 1/6/2016 for claiming these receivables. Based on the opinions of the Legal Advisors handling the case, management deems that the said lawsuit will be approved in its entirety and all the said amounts are recoverable in their entirety.

Furthermore, on 10/07/2020, a Bill on Corporate Governance was submitted to the Hellenic Parliament, including the Amendment, settling the outstanding debts of the State generated in the period between 2010-2015 under Law 1767/1988 (OAED subsidy) to the entities in Eastern Macedonia and Thrace. Based on the aforementioned Amendment:

a) Article 21 of Law 1767/1988 is repealed with retroactive effect from 01/01/2016.

b) The State accepts offsetting its debts arising in the period 2010-2015.

c) A JMD will be issued by the Ministries of Labor and Finance on how and under what conditions the debts will be offset against effective and future receivables of the State (taxes, insurance contributions, etc.).

8 Analysis of trade receivables

Trade receivables are analysed as follows:

(Amounts in Euro)	**31/12/2019**	**31/12/2018**
Domestic customers	2.820.438,35	2.777.920,26
Foreign customers	118.783,96	191.157,22
Domestic customers assigned to Factoring	21.433,93	21.433,93
Doubtful receivables from customers	152.080,05	111.277,71
Other doubtful receivables	106.392,79	108.835,75
Notes in portfolio	500,00	1.213,79
Notes post dated	0,00	500,00
Cheques receivable (post dated)	961.373,87	1.257.292,18
Less: Provision for doubtful receivables	(668.432,70)	(557.811,93)
Total	3.512.570,25	3.911.818,91

9 Analysis of other receivables

Other receivables are analysed as follows:

(Amounts in Euro)	**31/12/2019**	**31/12/2018**
Receivables from Greek state due to tax advances	1.527.627,78	662.343,51
Receivables from Greek state due to tax withheld	1.389,57	1.546,44
Personnel relief account	18.696,89	5.845,00
Advances to suppliers	284.080,97	63.921,76
Miscellaneous debtors	97.493,88	3.134,12
Total	1.929.289,09	736.790,83

10 Analysis of cash available

Cash available are analysed as follows:

(Amounts in Euro)	**31/12/2019**	**31/12/2018**
Cash on hand	1.359,36	13.063,25
Time & sight deposits	892.372,99	1.369.610,23
Total	893.732,35	1.382.673,48

11 Equity (29§12 & Article 26)

- **Share capital**: The Company's share capital amounts to Eurp 3.896.026, has been paid in full and is divided into 220.738 shares of nominal value Euro 17,65 per share. In the closing year, the share capital decreased by Euro 431.189,50 due to cancellation of 24.430 own shares while in the previous year the share capital decreased by Euro 335.350,00 due to cancellation of 19.000 shares held by the Shareholder "Hotel ILISIA SA".
- No new shares were issued during the clsoing year.
- There are no certificates of participation, convertible securities, rights to purchase securities, options or similar securities and rights.
- As at 31/12/2019 the Company does not hold own shares.
- **Statutory reserves:** Pursuant to Law 4548/2018, equities are undewr obligaiton to transfer at least 5% of their annual net profits to statutiry reaserves. The purpose is to cover potentially arising losses – such reserves cannot be used for another cause. Formation of statutory reserves ceases to be mandatory when the accumulated amount becomes at least equal to 1/3 of the share capital. As at 31/12/2019, the Company's statutory reserve amounts to Euro 570.468,03.
- **Special purpose and extraordinary reserves**: On 31/12/2019, the Company has a balance of extraordinary reserves amounting to Euro 3.447.693,94, which mainly concerns reserves under investment laws.
- **Tax exempted reaserves:** As at 31/12/2019, the Company's tax exempted reserves amount to Euro 5.017.593,60. The change in relation to the previous year is due to the formation of tax exempted reserves under Law 3908/2011 amounting to Euro 282.353,31.

12 Provisions

12.1 Provision for employee benefits

Employee benefits obligation was determined based on the provisions of Law 2112/1920.

Changes in liabilities recorded in the balance sheet are analysed as follows:

	31/12/2019	31/12/2018
Opening net liability	263.148,64	214.240,34
Past service cost	55.212,82	57.669,62
Benefits paid in the year	(103.683,81)	(8.761,32)
Total	214.677,65	263.148,64

12.2 Other provisions

Other provisions are analysed as follows:

	31/12/2019	31/12/2018
Opening net liability	0,00	0,00
Provisions for extraordinary risks	30.000,00	0,00
Total	30.000,00	0,00

13 Analysis of loan liabilities

The Company's loan liabilities are analysed as follows:

(Amounts in Euro)	31/12/2019	31/12/2018
Short-term bank loans	4,43	0,00
Current portion of long-term loans up to 1 year	878.736,09	934.124,10
Non-current portion payable from 1 to 2 years	1.343.421,74	750.564,59
Non-current portion payable from 2 to 5 years	283.364,51	883.929,10
Total	2.505.526,77	2.568.617,79

Loans per Bank as at 31.12.2019 are analysed as follows:

(Amounts in Euro)	PIRAEUS BANK	NBG	ALPHA BANK
Short-term bank loans	4,43	0,00	0,00
Current portion of long-term loans up to 1 year	0,00	877.694,42	1.041,67
Non-current portion payable from 1 to 2 years	0,00	343.421,74	1.000.000,00
Non-current portion payable from 2 to 5 years	0,00	283.364,51	0,00
Total	4,43	1.504.480,67	1.001.041,67

14 Analysis of trade payables

Trade payables are analysed as follows:

(Amounts in Euro)	**31/12/2019**	**31/12/2018**
Suppliers - domestic	530.864,22	340.573,12
Suppliers - abroad	525.651,01	583.191,99
Total	1.056.515,23	923.765,11

15 Analysis of other payables

Other payables are analysed as follows:

(Amounts in Euro)	**31/12/2019**	**31/12/2018**
Customers' returnable package items	1.033.394,78	1.085.985,00
Advances to clients	118.701,59	104.501,18
Salaries and wages payable	96.228,86	75.322,22
Dividends payable	349.364,83	245.812,46
Shareholders - Capital redeemed to be refunded	1,76	505.064,86
Other current liabilities	409.058,98	318.684,37
Total	2.006.750,80	2.335.370,09

16 Analysis of taxes payable and social security funds

Taxes payable are analysed as follows:

(Amounts in Euro)	**31/12/2019**	**31/12/2018**
Value added tax	242.433,26	967.129,86
Excise duty	265.467,29	291.585,61
Payroll taxes and duties	241.460,83	31.053,53
Third parties taxes and duties	1.263,96	954,02
Taxes payable settlement	1.895.166,30	0,00
Other taxes and duties	32.223,03	16.447,39
Total	2.678.014,67	1.307.170,41

Social security funds are analysed as follows:

(Amounts in Euro)	**31/12/2019**	**31/12/2018**
Unified Social Security Fund (EFKA)	153.857,66	159.505,87
Other main insurance funds	0,00	0,00
Total	153.857,66	159.505,87

17 Analysis of accrued liabilities

Accrued liabilities are analysed as follows:

(Amounts in Euro)	31/12/2019	31/12/2018
Third party fees and expenses accrued	73.779,60	40.000,00
Utilities	54.232,91	47.605,53
Other accrued expenses	2.209,52	0,00
Accrued interests	602,49	3.675,00
Acquisitions under settlement	2.427,82	0,00
Total	133.252,34	91.280,53

18 Analysis of turnover (29§24)

Turnover per operation is analysed as follows:

(Amounts in Euro)	1/1 - 31/12/2019	1/1 - 31/12/2018
Sales of merchandise	282.199,19	294.576,35
Sales of finished and semi-finished products	22.229.999,06	23.450.197,89
Sales of other inventories & scrap material	316.274,81	218.595,83
Total	22.828.473,06	23.963.370,07

Turnover per geographical market is analysed as follows:

(Amounts in Euro)	1/1 - 31/12/2019	1/1 - 31/12/2018
Sales of products domestically	21.365.508,14	22.870.791,36
Sales of products in the EU	379.851,06	500.712,90
Sales in third countries	1.083.113,86	591.865,81
Total	22.828.473,06	23.963.370,07

19 Determination of cost of sales

Cost of sales is analysed as follows:

(Amounts in Euro)	1/1 - 31/12/2019	1/1 - 31/12/2018
Period opening inventories	4.037.134,78	5.083.670,50
Purchases (net)	5.930.997,14	4.329.345,28
Direct costs	9.918.855,44	10.422.374,87
Period closing inventories	(4.551.065,89)	(4.037.134,78)
Self consumption (net)	(111.058,67)	(56.483,26)
Total	15.224.862,80	15.741.772,61

Direct costs include operating expenses allocated to production and analysed in the Note "Analysis of operating expenses".

20 Other operating income

Other operating income are analysed as follows:

(Amounts in Euro)	**1/1 - 31/12/2019**	**1/1 - 31/12/2018**
Revenue from provision of services to third parties	37.078,32	20.928,84
Revenue from grants	5.248,13	2.508,48
Rental income	1.200,00	1.450,00
Compensation income	6.200,00	0,00
Revenue from shipping goods	53.387,49	67.232,81
Other operating income	0,00	4.867,03
Total	103.113,94	96.987,16

21 Analysis of operating expenses

Operating expenses and cost of sales for the closing period are analysed per kind and operation as follows:

(Amounts in Euro)	*Total*	*Cost of Sale*	*Administrative Expenses*	*Distribution Expenses*
Inventories consumption	5.417.066,03	5.417.066,03	0,00	0,00
Expenses from self-consumed stocks	(111.058,67)	(111.058,67)	0,00	0,00
Personnel costs and expenses	3.243.096,69	1.348.022,58	908.620,85	986.453,26
Third party fees and expenses	1.638.372,18	292.253,49	566.315,96	779.802,73
Utilities	1.092.581,75	932.253,87	47.102,63	113.225,25
Taxes-duties	5.286.126,17	5.117.532,76	21.783,82	146.809,59
Sundry expenses	2.212.999,18	255.383,76	177.558,53	1.780.056,89
Depreciation	2.206.688,98	1.973.408,98	141.250,73	92.029,27
Provisions	110.620,77	0,00	0,00	110.620,77
Total	21.096.493,08	15.224.862,80	1.862.632,52	4.008.997,76

21.1 Production expenses

Production operating expenses constitute part of cost of sale (see Note "Determination of cost of sales") and are analysed per kind as follows:

(Amounts in Euro)	**1/1 - 31/12/2019**	**1/1 - 31/12/2018**
Personnel costs and expenses	1.348.022,58	1.382.313,28
Third party fees and expenses	292.253,49	218.562,42
Utilities	932.253,87	856.060,19
Taxes-duties	5.117.532,76	5.429.160,97
Sundry expenses	255.383,76	171.104,77
Depreciation	1.973.408,98	2.365.173,24
Provisions	0,00	0,00
Total	9.918.855,44	10.422.374,87

21.2 Administrative expenses

Administrative expenses are analysed per kind as follows:

(Amounts in Euro)	**1/1 - 31/12/2019**	**1/1 - 31/12/2018**
Personnel costs and expenses	908.620,85	565.061,40
Third party fees and expenses	566.315,96	493.645,28
Utilities	47.102,63	29.808,17
Taxes-duties	21.783,82	29.631,56
Sundry expenses	177.558,53	433.585,33
Depreciation	141.250,73	120.075,58
Provisions	0,00	0,00
Total	1.862.632,52	1.671.807,32

21.3 Distribution expenses

Distribution expenses are analysed per kind as follows:

(Amounts in Euro)	**1/1 - 31/12/2019**	**1/1 - 31/12/2018**
Personnel costs and expenses	986.453,26	665.970,74
Third party fees and expenses	779.802,73	541.017,18
Utilities	113.225,25	94.627,50
Taxes-duties	146.809,59	28.534,10
Sundry expenses	1.780.056,89	1.851.879,35
Depreciation	92.029,27	89.334,40
Provisions	110.620,77	74.250,41
Total	4.008.997,76	3.345.613,68

22 Analysis of other expenses and losses

Other expenses and losses are analysed as follows:

(Amounts in Euro)	**1/1 - 31/12/2019**	**1/1 - 31/12/2018**
Tax fines & surcharges	94.106,64	614,40
Expenses and loses from destruction of stocks and fixed assets	99.155,19	37.999,36
Losses on disposal of fixed assets	29.103,85	0,00
Provisions for inventory obsolescence	167.595,49	0,00
Provisions for extraordinary risks	30.000,00	0,00
Prior period expenses	83.977,49	2.639,50
Other expenses	5.632,15	391,69
Total	509.570,81	41.644,95

23 Analysis of other income and gains

The item "Other income and profit" is analysed as follows:

(Amounts in Euro)	**1/1 - 31/12/2019**	**1/1 - 31/12/2018**
Gain on disposal of fixed assets	11.209,49	11.390,16
Income from unused provisions	48.470,99	0,00
Prior period income	5.399,75	10.000,00
Other income	104.980,23	953.626,49
Total	170.060,46	975.016,65

24 Income Tax

Within the closing year, Law 4646/2019 (Government Gazette 201/A/12-12-2019) was passed, which amends article 58 of the Income Tax Code (Law 4172/2013) regarding the income tax of legal entities, reducing the tax rate to 24% for income in the tax year 2019 onwards.

In the previous year, Law 4579/2018 (Government Gazette A '201/03.12.2018) was effective, which respectively, amended the Income Tax Code (Law 4172/2013) regarding the income tax of legal entities, reducing the tax rate as follows:

- 28% for 2019
- 27% for 2020
- 26% for 2021
- 25% for 2022

Therefore, income tax for the year ended was calculated applying the tax rate of 24%, while for the previous year - 29%.

Finally, pursuant to the provision of article 23.3.6 of the accounting directive of Law 4308/2014, the Company decided not to apply deferred tax accounting.

25 Financial instruments measurement at cost (29§11)

The Company does not use derivative financial instruments. The acquisition value of non-current financial instruments is their estimated fair value.

26 Total debt covered by collaterals (29§13)

In securing an account of loans and letters of guarantee, 1st line of mortgage is effective, amounting to € 293,47 on the Company's business property item located in the Industrial Area of Komotini. During the comparative period, 2nd line mortgage was also effective amounting to € 586.940,57 on the same property, settled within the closing year.

27 Long-term liabilities exceeding five year period (29§14)

The Company has no long-term liabilities exceeding five-year period.

28 Other off Balance Sheet arrangements (29§15)

There are no arrangements regarding the Company that entail significant risks or benefits, apart from those recorded in the financial statements.

29 Off Balance Sheet financial commitment, guarantees and charges (29§16)

a) Financial commitments

The Company has signed non-cancellable operating lease agreements related to real estate leases, maturing till 2020.

The minimum rentals under operating lease agreements are as follows:

	31/12/2019	31/12/2018
Up to 1 year	3.371,90	0,00
1 to 5 years	0,00	0,00
Over 5 years	0,00	0,00
Total	**3.371,90**	**0,00**

b) Guarantees

The Company has issued letters of guarantee to various third parties, analysed as follows:

	31/12/2019	31/12/2018
Good performance	1.000,00	1.000,00
Other guarantees to third parties	207.062,00	191.403,47
Total	**208.062,00**	**192.403,47**

c) Contingent liabilities

In 2019, the Company was audited by Certified Public Accountants as in compliance with the provisions of article 65A of Law 4174/2013. This audit is in progress and the tax compliance report is expected to be issued following the publication of financial statements for 2019. Should additional tax liabilities arise until the completion of the tax audit, we estimate that they will not have a material effect on the financial statements. The Company has been audited by the tax authorities until 2010.

For FYs from 2011 to 2018, the Company, which meets the relevant criteria for inclusion in the tax audit of Certified Public Accountants, received Unqualified Conclusion Tax Compliance Report, according to par. 5, article 82, Law 2238/1994 and article 65A, par.1, Law 4174/2013. Under POL circular 1006/2016, companies that have been subject to the above special tax audit are not exempted from the conduct of statutory audits of the competent tax authorities.

Regarding FYs, not audited by the tax authorities, in accordance with the Greek tax legislation and the respective Ministerial Decisions, the Tax Authorities can, as a rule, issue an administrative regarding estimated or corrective tax determination within five years from the expiration of year in which the tax returns submission deadline expires. Therefore, the right of the State to issue an act of corrective determination of income tax until the year 2012 expired on 31/12/2018. Furthermore, FY 2013, for which the Company, as mentioned above, received Unqualified Conclusion Tax Compliance Report, is considered tax terminated in accordance with the decision of the Council of State 320/2020.

Regarding FYs 2014 and onwards, according to POL.1006/2016, the entities, receiving Unqualified Conclusion Tax Compliance Report, are not exempted from the conduct of statutory audits of the competent tax authorities. Therefore, the tax authorities can conduct their own tax audit. However, the Company's Management estimates that the results of such future audits of the tax authorities, if conducted, will not have a material impact on the Company's financial position.

30 Revenue or Expenses of particular volume, frequency or significance and offsetting items (29§17)

No significant net income or expenses were offset. Neither are there items of revenue or expenses that are to be specifically recorded due to their particular volume, frequency or significance.

31 Interest for the period burdening acquisition cost of goods and services (29§18)

Goods and services acquisition cost is not burdened with interest.

32 Dividends paid in the period (29§20)

Net dividends, paid in 2019 from the profits of 2018 (after deducting dividend tax), are analyzed as follows:

	1/1 - 31/12/2019
Dimitrios Politopoulos	297.996,30
Michail Politopoulos	297.996,30
Total	595.992,60

33 Analysis of headcount (29§23)

The average number of headcount per category is as follows:

	1/1 - 31/12/2019	1/1 - 31/12/2018
Salaried personnel	62	55
Wage-workers (technical personnel)	54	58
Total	116	113

Payroll expenses are analysed as follows:

(Amounts in Euro)	1/1 - 31/12/2019	1/1 - 31/12/2018
Salaries and wages	2.482.287,55	2.041.291,65
Insurance and pension fund contributions	620.015,63	562.685,55
Retirement compensation	103.683,81	0,00
Other personnel benefits	37.109,70	9.368,42
Total	3.243.096,69	2.613.345,62

34 Advances and credits to the management (29§25 & article 31)

No advances and remits have been provided to the management.

35 Fees of administrative and supervisory bodies (29§30)

Management fees are as follows:

	1/1 - 31/12/2019	1/1 - 31/12/2018
Fees to members of the Board of Directors	334.617,32	496.714,67
	334.617,32	496.714,67

The fees of the members of the Board of Directors include the fees paid to the members of the Board of Directors following the decision of the Regular General Meeting held as at 28/06/2019 and do not include the fees, paid to the members of the Board of Directors which relate to the services provided under dependent employment relationship.

36 Commitments for end-of-service benefits (29§30)

No such commitments.

37 Transactions and balances with related parties (29§27, 29, 31)

The Company's transactions with its related parties during the closing year as well as arising receivables and liabilities as at 31 December 2019 and 31 December 2018, are presented below as follows:

	01/01-31/12/2019		01/01-31/12/2018	
Related Companies	**Sales & revenues**	**Purchaces & expenses**	**Sales & revenues**	**Purchaces & expenses**
TUVUNU S.A.	1.200,00	41.694,51	2.681,36	43.681,13
TUVUNU LLC	37.148,05	0,00	18.970,05	0,00
HOTEL ILISIA S.A.	2.977,02	5.285,23	2.384,51	4.146,04
Total	41.325,07	46.979,74	24.035,92	47.827,17
Other related parties				
Board members fees	0,00	379.002,48	0,00	309.665,21
Employer contributions		68.857,18		78.259,74
Other transactions with Board members	0,00	12.022,40	0,00	0,00
Total	0,00	459.882,06	0,00	387.924,95

	31/12/2019		31/12/2018	
Related Companies	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
TUVUNU S.A.	100.950,21	0,00	251.302,84	0,00
TUVUNU LLC	56.118,10	0,00	18.970,05	0,00
HOTEL ILISIA S.A.	467,94	104.001,55	126,03	608.027,97
Total	157.536,25	104.001,55	270.398,92	608.027,97
Other related parties				
Shareholders	0,00	260.609,96	0,00	150.972,30
Board members	16.121,89	0,00	0,00	0,00
Total	16.121,89	260.609,96	0,00	150.972,30

38 Participations in the companies with unlimited liability of partners

No such participations.

39 Data on the Company preparing consolidated financial statements of the final group of companies, to which the Company belongs as a subsidiary

The Company does not belong to the final group of companies preparing consolidated financial statements.

40 Data on the Company preparing consolidated financial statements of the final subtotal group of companies, to which the Company belongs as a subsidiary

The Company does not belong to the final subtotal group of companies preparing consolidated financial statements.

41 Place where the consolidated financial statements are available

Non-applicable.

42 Significant events taking place after the end of the period, not recorded in the financial statements.

No significant events, not recorded in the financial statements, took place after the end of the period.

On December 31, the last day of 2019, the WHO was notified of pneumonia cases in Wuhan Province, Hubei, China.

In less than 90 days, in March 2020, the WHO declared COVID-19 a global pandemic. In the 1st week of March 2020, the first measures were taken by the Company.

- Supplies of sanitary material (masks, disposable gloves, thermometers, antiseptics, weekly shift separation).

While until today the following decisions have been taken and remain effective:

- Special arrangements for employees belonging to vulnerable groups.
- Establishing the procedures that require staff to report if they feel sick and to report possible infection.
- Development of strict protocols in the attendance of employees, distances in the workplace, disinfections.
- Cancellation of all trips abroad.
- Prohibition of entry to the premises, except for employees and suppliers.

As the phenomenon is in full swing, its quantitative and qualitative effects on the operation of the Company are under assessment.

Komotini, 03/08/2020

The Chairman of the BoD	The Managing Director	The Chief Financial Officer	The Head of Accounts Department
Theodora Katsikoudi Id. Num.: AM 904540	Christos Dimtsoudis Id. Num.: AH 370225	Grigorios Gounaris Id. Num.: AB 369661	Charalampos Zafeiriadis Id. Num.: AH 369762 E.C.G. Licence No. 54444/A’ Class