# Semi-Annual Financial Report 30.06.2019

**S.A. REG. NO. 7365/06/B/86/32 – GEMI NO. 121572960000**

## “ELASTRON S.A. – STEEL SERVICE CENTERS” GROUP

**According to IAS 34 «Interim Financial Reporting», the article 5 of Law 3556/2007 and the executive Decisions of the Board of the Capital Market Commission**

**September 2019**

ELASTRON
STEEL SERVICE CENTERS

## CONTENTS



## NOTES ON THE FINANCIAL STATEMENTS

ELASTRON
STEEL SERVICE CENTERS

## STATEMENT BY THE BOARD OF DIRECTORS' REPRESENTATIVES

### (Pursuant to article 5 of Law 3556/2007)

We hereby certify and declare that, to the best of our knowledge, the semi-annual financial statements of the Société Anonyme Company "ELASTRON S.A. – STEEL SERVICE CENTERS" for the period 01.01.2019 – 30.06.2019, which were prepared in accordance with the applicable accounting standards, truly reflect the assets and liabilities, the equity and results of the issuer as well as of the companies included in the consolidation, which are considered aggregately as a whole, according to the provisions of paragraphs 3 to 5 of article 5, Law 3556/2007 and the authorized decisions issued by the Hellenic Capital Market Commission's Board of Directors.

In addition, it is hereby certified and declared that, to the best of our knowledge, the Semi-Annual Management Report of the Board of Directors truly reflects the information required according to paragraph 6, article 5 of Law 3556/2007 and the authorized decisions issued by the Hellenic Capital Market Commission's Board of Directors.

Aspropyrgos, 25 September 2019

The signatories

| Simos Panagiotis | Kalpinis Athanasios | Koutsothanassis Stilianos |
|---|---|---|
| Chairman of the Board | Chief Executive Officer | Deputy Chief Executive Officer |

ELASTRON
STEEL SERVICE CENTERS

# SEMI-ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS of ELASTRON S.A. for the period from January 1st to June 30th 2019

The companies which are included in the consolidation, besides the parent company, are as follows:

| COMPANY | DOMICILE | BUSINESS ACTIVITY | PARTICIPATION STAKE | PARTICIPATION COST | CONSOLIDATION METHOD |
|---|---|---|---|---|---|
| NORTHERN GREECE METAL PRODUCTS S.A. | Thessaloniki | Commerce and processing of steel products | 100.00% | 10,718,000 | Full |
| BALKAN IRON GROUP S.R.L. | Bucharest, Romania | Commerce and processing of steel products | 33.33% (Joint Venture) | 800,000.00 | Equity |
| PHOTODEVELOPMENT S.A. | Aspropyrgos | Production of electric energy from Photovoltaic stations | 98.6% | 325,500 | Full |
| PHOTODIODOS S.A. | Aspropyrgos | Production of electric energy from Photovoltaic stations | 98.3% | 265,533.70 | Full |
| PHOTOENERGY S.A. | Aspropyrgos | Production of electric energy from Photovoltaic stations | 97.5% | 175,500 | Full |
| ILIOSKOPIO SA | Aspropyrgos | Production of electric energy from Photovoltaic stations | 97.5% | 175,500 | Full |
| PHOTOKYPSELI S.A. | Aspropyrgos | Production of electric energy from Photovoltaic stations | 97.5% | 175,500 | Full |
| PHOTOISXYS LTD | Aspropyrgos | Production of electric energy from Photovoltaic stations | 100.00% | 80,000 | Full |
| THRACE GREENHOUSES S.A. | Xanthi | Production of agricultural products from glasshouse cultivations | 49.09% | 3,485,000 | Equity |
| KALPINIS SIMOS BULGARIA EOOD | Sofia, Bulgaria | Commerce and processing of steel products | 100.00% | 10,000 | Full |

* The participation cost does not include any impairment.

## A. Financial Development and Performance

The Group's turnover posted an improvement by 9% during the first half of the year reaching € 58.1 million from € 53.3 million in the same period of the year 2018. Gross profit stood at € 5.7 million or 9.8% of total sales, versus € 6.1 million or 11.4% of total sales in the corresponding period of year 2018. Results before interest and taxes (EBIT) amounted to € 0.3 million versus € 1.2 million in the previous year whereas results before interest, taxes, depreciation and amortization (EBITDA) settled at € 1.8 million versus € 2.2 million in the first half of 2018. Finally, the results before taxes settled at losses of € 0.8 million versus losses of € 0.3 million in the previous year.

On the parent company level, the turnover settled at € 57.4 million versus € 52.6 million in the previous year posting an increase of 9%, whereas gross profit amounted to € 5.3 million or 9.3% of total sales, compared to € 5.7 million or 10.8% of total sales in the first half of 2018. The results before interest, taxes, depreciation and amortization (EBITDA) amounted to € 1.5 million versus € 1.6 million, whereas the results before taxes settled at losses of € 0.7 million compared to earnings of € 0.6 million in the same period of 2018.

Following and with the objective to provide additional and complete information, the table below depicts the financial figures of the Group and the Company as of 30/06/2019 & 31/12/2018:

| | Group | | Company | |
|---|---|---|---|---|
| ***(a) FINANCIAL STRUCTURE*** | **2019** | **2018** | **2019** | **2018** |
| Noncurrent assets / Total assets | 57% | 54% | 56% | 53% |
| Current assets / Total assets | 43% | 46% | 44% | 47% |
| Equity / Total Liabilities | 1.20 | 1.13 | 1.29 | 1.20 |
| Current assets / Short-term liabilities | 3.40 | 2.58 | 3.64 | 2.74 |
| ***(b) EFFICIENCY AND PERFORMANCE*** | | | | |
| Net earnings before taxes / Sales | N/A | N/A | N/A | N/A |
| Net earnings before taxes / Equity | N/A | N/A | N/A | N/A |
| Sales / Equity | 89% | 164% | 88% | 161% |
| ***(c) CAPITAL STRUCTURE*** | | | | |
| Net liabilities / Equity | 84% | 89% | 78% | 83% |
| Net bank liabilities / Equity | 46% | 59% | 45% | 58% |
| Net bank liabilities / EBITDA | 18.2 | 10.9 | 19.9 | 21.9 |

## B. Alternative Performance Measures

The European Securities and Markets Authority (ESMA) issued guidance with regard to the application of the Alternative Performance Measures. The aim of the guidance is to promote the usefulness and transparency of the financial ratios included in the published financial statements as well as in other reports referring to the figures of the financial statements. Alternative Performance Measures (henceforth APM) are financial ratios and indicators which are used for the measurement of the performance and financial position of the company, ratios which however are not required and analyzed in the provisions of the International Financial Reporting Standards.

The Management of the Company and the Group use APM in the context of monitoring their financial performance, decision making and compliance with the terms of the financing agreements. Some of the APM used by the Management are the following:

**Results before interest, taxes, depreciation and amortization (EBITDA).** It depicts the operating results of the company and the group that derive from their business activity as well as the ability to repay their debt and tax obligations. It is calculated as follows: Turnover plus operating income minus operating expenses with the exception of the depreciation of fixed assets and the amortization of grants. EBITDA margin (%) derives from the division of EBITDA by the turnover.

**Net Debt.** It depicts the total bank debt obligation of the company and the group. It is calculated as follows: Total (short-term and long-term) debt minus total cash and cash equivalents. When the calculation extracts a negative result, it means that the company and the group are able to fulfill in excess their debt obligations.

## C. Information on Environmental and Labor Issues

### a) Information on Environmental Issues

The environmental policy of the Company demonstrates the Management's commitment to operate with absolute respect to the environment whereas it promotes the environmental conscience and also aims at promoting the environmental responsibility in both its human resources and the other stakeholders.

The Group recognizes its obligations against the environment and the need to continuously improving its environmental performance. This in turn allows the Group to attain a balanced economic growth aligned with the environmental protection.

ELASTRON SA has been certified accordingly and thus applies a total environmental management system as it is specified in accordance with the international environmental management system EN ISO 14001 targeting the protection of the environment and strong savings in natural resources.

The Group cares about the continuous update as well as education of the personnel in environmental issues and takes care for the training of its employees in environmental protection issues.

**b) Information on Labor Issues**

The respect to the human being and safety constitute an indispensable part of the Group's policy. For this reason the minimization of the probability of accidents and the creation of a work environment that respects the health, the integrity and the personality of the employees constitute fundamental values and principles for the Group.

The Group complies fully with the effective legislation and regulations whereas at the same time it applies a detailed framework of rules, safety, professional behavior, prevention and management of accidents, which is constantly being revised and reviewed so that it responds to its current operating needs and is aligned with the international best practices of the sector which it activates in.

At the same time, the Group places strong emphasis on the training of personnel in the issues of hygiene, safety and prevention, whereas systematic audits and inspections take place in order to ensure the application and compliance of the relevant safety rules.

The promotion of the principle of equal opportunities and the protection of diversity constitute top priorities for the Group. The Management does not make any discrimination in hiring, the selection, the remuneration, the assignment of duties or in any other labor activity. The factors exclusively taken into consideration comprise the experience, the personality, the educational background, the efficiency and the skills of the individuals.

The Group encourages and recommends to all employees to respect the diversity of each employee or supplier or customer, and also not to accept any kind of behavior which may be associated with discrimination of any type.

**D. Significant Events of the First Half 2019**

**Developments in the Group's Sectors**

The Group's level of activity posted further improvement during the 1st half of the year mainly driven by the increase in exports which accounted for 40% of total turnover, as well as by the maturity of the investments made in mechanical equipment which in turn increased the market share of the Company's new products and improved productivity rates. However the continuous drop in prices, beginning from the year 2018, as result of the ongoing uncertainty in the international steel market due to the weaker pattern in the trading of steel products (following the tariffs imposed) and also due to the declining global demand, had a negative impact and contracted further the Group's operating profit margins. At the same time, the unfavorable environment with the limited demand for steel products, the strong competition, the relatively high financing cost and the new competition conditions emerging from the neighboring countries with very low labor cost, led to a further decline of the Group's operating results in the steel sector. Within the above framework, the Group proceeded during the first half of 2019 with a significant reduction of its net bank debt which settled at € 29.9 million versus € 39.2 million at the end of 2018.

In the agricultural sector, the Group completed within the first half of 2019 the construction of the final part of production facilities of the company Thrace Greenhouses SA. Currently the aggregate production and ancillary facilities cover an area of 196,000 square meters making the company as one of the largest producers of agricultural products in Greece. It is noted that the total production of the company in agricultural products is channeled in the largest retail companies of the Greek market thus substituting imports and further supporting the Greek production activity and also utilizing the domestic workforce.

Finally in the energy division of the Group, operating results posted a small drop as result of the lower production levels following the lower rates of sunlight that were realized in the current period and as compared to the first half of 2018.

**Implementation of Investment Plans**

The decision no. 70161/28-06-2018 of the Deputy Minister of Finance and Development approved the completion of the business plan of ELASTRON SA which was submitted and accepted according to the inclusion decision no. 16985/ΔΒΕ 2029/22-12-2006/v.3299/2004 (Gov. Gaz. 421/B'/27-03-2007) as it is currently in effect in the framework of Law 3299/2007 (Article 3, paragraph 1, case e, sub-case xi). The amount of the investment accounted for 12.8 million Euros and the corresponding grant settled at 4.5 million Euros, with the full amount being received.

The investment plan included the following:

1. Construction of building and special facilities amounting to € 2.3 mil.
2. Mechanical equipment for processing steel products amounting to € 7.1 mil.
3. Technical equipment amounting to € 2.0 mil.
4. Other investments amounting to € 1.4 mil.

The aforementioned investments have been implemented at the company's facilities in Aspropyrgos and Skaramagkas, Attica.

The parent Company submitted in June 2013 to the Ministry of Development and Competitiveness a new subsidized investment program under the auspices of L. 3908/2011 for the modernization of the mechanical and building machinery, amounting to € 3.4 million. The rate of subsidy in this program is set at 15%. In May 2014, the parent Company's investment plan was approved and included in the category of General Entrepreneurship of the General Business Plans of article 6 of Law 3908/2011. In November 2017, the Company filled an audit request with regard to the completion and certification of the commencement of the production activity in relation to the particular investment, whereas in February 2018, the Company collected an amount of 146.5 thousand Euros which corresponds to 2/7 of the respective grant. Within fiscal year 2019, the certification audit concerning the completion of the investment's financial and physical objective was completed and the announcement of the Decision in the Government Gazette is expected to be made.

Within the first half of the year, the affiliated company THRACE GREENHOUSES S.A. (as it emerged from the merger of the companies ELASTRON AGRICULTURAL SA and THRACE GREENHOUSES SA) implemented an investment which concerned the expansion of the existing unit of hydroponic cultivation of glasshouse agricultural products, amounting to 12.2 million Euros in total. The particular investment plans (one plan per company) have been classified under the provisions of the investment Law 3908/2011 which provides for a 40% grant of the total investment cost. Until today, the Company has collected part of the corresponding grant amounting to € 950 thousand. Within the current year, the validation audit concerning the completion of 50% of the financial and physical object of the investment was fulfilled and the Company will proceed with the relevant announcements.

**Annual Ordinary General Meeting**

On 20.06.2019, the Ordinary General Shareholders' Meeting took place at the Company's registered offices. 27 shareholders attended the General Meeting (either in person or via a legal representative), who own 11,836,231 shares or 64.29% of the paid up share capital. The General Meeting proceeded with the following resolutions:

1. Approval of the management reports of the Board of Directors and Certified Auditor on the Parent and Consolidated Financial Statements for financial year 2018.
2. Approval of the Parent and Consolidated Financial Statements for financial year 2018; Moreover the decision was made to not distribute any dividend to the shareholders.

3. Approval of the Total Administration of the company by the Board of Directors and release of the Certified Auditor from all liabilities for compensation regarding the management and audit of the financial year 2018.
4. Approval of the remuneration policy concerning the members of the Board of Directors of the company.
5. Approval of the election of Mr. Efst. Karalis of Ioannis as Ordinary Certified Auditor and Mr. Verg. Valassas as Deputy Certified Auditor from the audit firm SOL S.A. for the financial year 2019 and determination of their fees.
6. Approval of the fees-remuneration of members of the Board of Directors for financial year 2018 and pre-approval of their remuneration for fiscal year 2019.
7. Approval of the new 10-member Board of Directors with a 3-year term. Six members will be executive ones and 4 will be non-executive ones, of which 3 will be independent.
8. The new Audit Committee was elected according to the article 44 of Law 4449/2017 consisting of the following members: a) Konstantinos Gianniris, independent non executive member of the BoD as Chairman of the Committee, b) Dimitrios Paparisteidis, independent non executive member of the BoD as member of the Committee, and c) Georgios Valettas, independent external advisor, as member of the Committee. The term of the Audit Committee is 3-year with starting date on 20th of June 2019 and is by default extended until the end of the deadline at which the immediately following Annual General Meeting must convene, without the total term exceeding the 4-year period.
9. Granting of permission, based on article 98, paragraph 1 of Law 4548/2018, to the members of the Board of Directors and the Company's directors to participate in the Management of the Group's companies and affiliated entities.
10. Approval of the amendment of the articles of association, the introduction new regulations, its alignment with Law 4548/2018, as well as its codification into a single document.
11. No other announcement was made.

All the issues on the daily agenda were approved unanimously, namely with a percentage of 100% of those present.

**Treasury shares**

The Ordinary General Meeting of 12/06/2014 decided the purchase of up to 1,651,800 treasury shares of the Company which represent 8.96% of the current paid in share capital. The range of the price per share was set from twenty (20) cents up to one Euro and fifty cents (1.50) and was approved to be implemented in a time period of twenty four (24) months, beginning from the day following the approval by the General Meeting.

According to the above decision, the Company proceeded until 09/06/2016, date of the Ordinary General Meeting of the Shareholders, with the purchase of 13,484 treasury shares of total value 7,156.37 Euros (average price without expenses and transactions' commissions at € 0.5307 per share), which were then cancelled according to the clauses of article 16 of PL 2190/1920. As result the Company's share capital was reduced by the amount of thirteen thousand four hundred and eighty four Euros (€ 13,484) via the corresponding amendment of the article 5 of the Articles of Association. Following the above, the Company's share capital amounts to € 18,421,516 divided by 18,421,516 shares with nominal value of € 1.0 per share.

At the same time with the decision of the same Ordinary General Meeting on 09/06/2016 it was decided the purchase of up to 1,830,016 shares of the Company which represent 9.94% of the current share capital. The purchase price range was approved between twenty (20) cents and one Euro and fifty cents (1.50) per share. According to the above decision, the Company proceeded up until 21/06/2018, which was the date of the Ordinary General Meeting, into the purchase of 10,677 treasure shares with the total acquisition value of 7,027.96 Euros (average price without expenses and transaction commissions at € 0.6582 / share).

| | Shares | Value |
|---|---|---|
| Year 2012 | 184,350 | 107,441.43 |
| Year 2013 | 27,130 | 17,758.82 |
| Year 2014 (up to the G.M.) | 1,520 | 1,277.36 |
| Year 2014 (up to the G.M.) | 6,070 | 3,624.10 |

| | | |
|---|---|---|
| Year 2015 | 6,115 | 3,182.75 |
| Year 2016 | 11,976 | 7,569.25 |
| Year 2017 | 0 | 0.00 |
| Year 2018 | 10,677 | 7,062.48 |
| Year 2019 | 0 | 0.00 |
| **Total** | **247,838** | **147,916.19** |
| Cancellation of treasury shares via share capital decrease | -247,838 | -147,916.19 |
| **Balance 30.06.2019** | **0** | **0.00** |

**Tax audit**

Since the fiscal year 2011, ELASTRON SA, METAL-PRO SA and the absorbed company CORUS KALPINIS SIMOS SA, and also since the year 2014 all Group companies, have been included in the tax audit of the Certified Auditors as it is provided by the clauses of article 65A of Law 4174/2013, as they were amended by the article 56 of Law 4410/2016. For the companies and the fiscal years which were not included in the tax audit of the Certified Auditors, it is estimated that there is no reason for the formation of any provision. As result, on 30.06.2019 the company and the group have formed no provisions regarding tax-unaudited fiscal years.

For the fiscal year 2018, ELASTRON SA, METAL-PRO SA, THRACE GREENHOUSES SA and the photovoltaic companies of the Group have been subject to the tax audit by the Certified Auditors as stipulated by the provisions of article 65a, L. 4174/2013. The tax audit for the fiscal year 2018 was performed from SOL SA and its completion is expected in the following period (the “Tax Compliance Report” will be issued within October 2019) without any major adjustments or deviations concerning the tax expense and the corresponding tax provision that have been already recorded in the financial statements.

**E. Risks and Uncertainties**

According to the Act of Legislative Content (Gov. Gaz. 65 A’/28-06-2015) the Greek banking system entered into a bank holiday whereas capital controls were imposed in the country concerning the free transfer of capital domestically as well as abroad. Specifically, special authorization processes concerning the payments toward suppliers abroad were imposed which in turn generated significant delays in the processing of transactions, whereas the financial results of the companies were affected by additional operating and administrative costs.

The article 86 of Law 4624/2019 terminated as of 1st September 2019, the capital controls which had been imposed with the first article of the Act of Legislative Content as of 18/07/2015 “Urgent Regulation for imposing certain limits in cash withdrawal and transfer of capital” (A’ 84), which was validated by the article 4 of Law 4350/2015 (A’ 161), as it is in effect and therefore from the above date onward there is no such risk in relation to the transfer of capital.

In the context of its ordinary business activities, the Group is exposed to the following financial risks within the scope of its basic activity:

- Credit risk
- Liquidity risk
- Market risk

The risk management policy is focused on the volatility of financial markets with the objective of minimizing the factors that may negatively affect its financial performance.

The risk management policies are applied in order to recognize and analyze risks which the Group faces, to set limits on risks assumed and to apply controls to such limits. The systems and policies applied are periodically reviewed to incorporate changes observed in market conditions and the Group’s activities.

The risk management is performed by the Company’s Finance Department, in cooperation with the Group’s other departments and according to the guidelines and approvals of the Company’s Board of

Directors.

Adherence to risk management policies and procedures is controlled by the Internal Audit Department, which performs ordinary and extraordinary audits on the application of procedures, the findings of which are disclosed to the Board of Directors.

**1) Credit risk**

Due to the great dispersion of its clientele (no client exceeds 5% of total sales), the Group does not have a significant concentration of credit risk. Based on the credit policy approved by the Group companies' Board of Directors, all new clients are examined on an individual basis in terms of their creditworthiness prior to the proposal of the standard payment terms. Credit limits are set for each client; these are reviewed depending on ongoing conditions and, if necessary, the sales and collection terms are adjusted. As a rule, customer credit limits are determined on the basis of the insurance limits set for them by the insurance companies. While monitoring credit risk of customers, such are grouped according to their credit profile, the maturity of their receivables and any prior collection problems that may have emerged. Customer receivables mainly include the Group's wholesale clients.

Clients characterized as "high risk" are placed in a special client list and future sales are to be pre-collected and approved by the Board of Directors. At the same time, the Group makes impairment provisions which reflect its estimation on losses related to clients and other receivables. This provision mainly consists of impairment loss of specific receivables which are estimated on the basis of given conditions that such will be collected, but have not yet been finalized.

The amount of the impairment loss is estimated as the difference between the book value of receivables and the present value of estimated future cash flows, discounted by the initial effective interest rate. The impairment loss amount is accounted for as an expense in the results. Receivables which are assessed as bad debts are written off.

The credit risk is limited to 20% of the total trade receivables, on the basis of the Group's insurance policies. The margin of this risk is limited even further as tangible or other guarantees (such as letters of guarantee) are requested wherever deemed necessary.

**2) Liquidity risk**

Liquidity risk is the risk that the Group might be unable to meet its financial liabilities when these become due. The approach adopted by the Group to manage liquidity is to secure the necessary cash and sufficient credit limits from the banks with which it cooperates, so that there is the appropriate liquidity for the fulfillment of the financial liabilities, under standard as well as unfavorable conditions without incurring unacceptable loss or risking its reputation. In order to minimize the liquidity risks, the finance division of the Group makes an annual provision for cash flows for the fiscal year when preparing its annual budget and a monthly rolling three-month provision so as to secure that it has sufficient cash to meet its operating needs, including its financial liabilities. This policy does not take into account the impact of extreme conditions, which cannot be foreseen. For this reason, the Management of the Group, by assessing the market conditions each time, maintains a certain amount of cash reserves for defensive purposes, in order to face any extreme or extraordinary situations.

It is noted that for the entire debt obligations of the Group no tangible asset has been placed as collateral in favor of the banks, an element which indicates the especially high creditworthiness of the Group.

On 30/06/2019, the company and the group held cash and cash reserves of € 9.1 million and € 9.2 million respectively.

**3) Market risk**

Market risk is the risk of change in prices of raw materials procured by the Group, the risk of change in the foreign exchange rates that the Group conducts transactions in and the risk of change in interest rates that the Group borrows at and which can affect the Group's results. The purpose of risk management against market conditions is to determine and control the Group's exposure to those risks, within the context of acceptable parameters while at the same time optimizing its performance.

- **Metal (iron, steel, etc.) Raw Material Price Volatility Risk**

The Group conducts its purchases mainly in the global steel market under normal market terms. Each change in the market price of raw materials is discounted for in the sales price, resulting in changes in the Group's profit margin during periods of big price fluctuations for raw materials in the world market. More specifically, in periods during which prices follow an upward trend, the Group's profit margins improve, as the upward trend is transferred to the sales prices. Accordingly, when raw material prices follow a declining trend, the Group's profit margins decrease.

The Group does not apply hedging to cover its basic operating reserve, which means that any increase/decrease of metal prices may affect its results accordingly through depreciation or appreciation of inventories.

- **Foreign exchange risk**

The Group is exposed to foreign exchange risk from the purchase of inventories it makes in $ (US Dollar), from the deposits denominated in $ (US Dollar) as well as from the joint venture BALKAN IRON GROUP SRL, based in Romania, whose operating currency unit is the RON.

The Group's borrowings are euro denominated in their entirety while there are no receivables denominated in foreign currency.

Foreign currency is purchased in advance in order for the Company to limit its foreign exchange risk emerging from inventory purchase. The total liabilities of the Group as of 30.06.2019 are covered by equivalent purchases in advance of foreign currency and as a result there is no foreign exchange risk associated with the fluctuations of the US Dollar.

An increase by 10% of the Euro versus the US$ and of the Euro versus the RON on 30 June would affect the equity and the results by negligible amounts for the Company.

- **Interest rate risk**

Interest rate risk arises mainly from long-term and short-term bank loans in € at the floating rate of Euribor.

The Group finances its investments, as well as its need for working capital, through equity, short-term bank loans, long-term and bond loans and as a result is burdened by interest expenses. Increasing trends in interest rates shall negatively affect results, as the Group incurs the additional borrowing cost.

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rates of loans (Euribor) would be 1% higher/lower on average during the first half of 2019:

| Amounts in € million | Loans 30.06.2019 | Effect on results before tax ( + / - ) |
|---|---|---|
| Group | 39.1 | 0.4 |
| Company | 38.3 | 0.4 |

This would occur due to the higher/lower financial cost of bank borrowing with a floating rate in euro.

A smaller effect results from interest related income, from term deposits in euro.

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rate on term deposits would be 1% higher/lower on average during the first half of 2019:

| Amounts in € million | Sight and term deposits 30.06.2019 | Effect on results before tax ( + / - ) |
|---|---|---|
| Group | 9.2 | 0.09 |
| Company | 9.1 | 0.09 |

This would occur due to the higher/lower financial income from term deposits.

➢ **Risk of Capital**

The purpose of the management in relation to capital management is to ensure the smooth and uninterrupted operation of activities with the objective of providing satisfactory returns to shareholders, and to maintain as much as possible an ideal capital structure, thus reducing the cost of capital. For this reason, the management, according to the prevailing conditions, may adjust its dividend policy, increase its share capital or sell assets in order to reduce debt.

| Company Data | 30.06.2019 | 30.06.2018 |
|---|---|---|
| Total debt | 38,270,000.01 | 45,468,450.00 |
| Minus: Cash and cash equivalents | 9,083,570.61 | 2,368,099.32 |
| **Net debt** | **29,186,429.40** | **43,100,350.68** |
| Total equity | 65,487,745.60 | 68,483,080.49 |
| EBITDA | 1,468,327.97 | 1,593,852.82 |
| **Equity / Net debt** | **2.24** | **1.59** |
| **Equity / EBITDA** | **19.88** | **27.04** |

| Group Data | 30.06.2019 | 30.06.2018 |
|---|---|---|
| Total debt | 39,141,343.01 | 51,646,190.20 |
| Minus: Cash and cash equivalents | 9,170,795.21 | 2,952,318.05 |
| **Net debt** | **29,970,547.80** | **48,693,872.15** |
| Total equity | 65,021,800.80 | 67,084,615.83 |
| EBITDA | 1,796,668.55 | 2,196,922.82 |
| **Equity / Net debt** | **2.17** | **1.38** |
| **Equity / EBITDA** | **16.68** | **22.16** |

### F. Future Outlook

With the first nine months of 2019 already behind us, we expect no material changes and developments for the rest of the year. The drop in prices continued during the 3rd quarter as well, as result of the lower demand and consumption of steel products on international level, whereas a more stable trend and potentially a small recovery should be anticipated in the last quarter of the year. In this case, we expect the operating profit margins to be sustainable at current levels. However the developments in the international steel market do not seem to imply any significant improvement in the sector environment nor can they contribute to sustainable price increases over the next months. Within the above mentioned framework, the Group's strategy focuses on maintaining the optimal level of inventories, the faster turnover rate of these, as well as in the further reduction of working capital days aiming to a gradual deleveraging and reduction of financing cost. At the same time, the management monitors the new trends seen in the market with the aim to implement investments that will contribute to an improvement of the sales mix in the steel segment as well as help the Group to expand in new markets.

### G. Transactions with Related Parties

The amounts of the Group's and Company's sales and purchases, from and towards related parties, as well as the balances of receivables and liabilities, are analyzed as follows:

(a) Intra-company sales / purchases on 30.06.2019 and 30.06.2018 respectively:

| | SALES / REVENUES | | | |
|---|---|---|---|---|
| PURCHASES | ELASTRON S.A. | THRACE GREENHOUSES SA | NORTHERN GREECE METAL PRODUCTS S.A. | TOTAL |
| ELASTRON S.A. | 0.00 | 0.00 | 0.00 | **0.00** |
| THRACE GREENHOUSES S.A. | 7,613.14 | 0.00 | 0.00 | **7,613.14** |
| PHOTOENERGY S.A. | 25,800.00 | 0.00 | 0.00 | **25,800.00** |
| PHOTODEVELOPMENT S.A. | 58,200.00 | 0.00 | 0.00 | **58,200.00** |
| PHOTODIODOS S.A. | 51,360.00 | 0.00 | 0.00 | **51,360.00** |
| PHOTOKYPSELI S.A. | 17,400.00 | 0.00 | 0.00 | **17,400.00** |
| ILIOSKOPIO S.A. | 24,300.00 | 0.00 | 0.00 | **24,300.00** |
| PHOTOISHIS LTD | 6,900.00 | 0.00 | 0.00 | **6,900.00** |
| **TOTAL** | **191,573.14** | **0.00** | **0.00** | **191,573.14** |

| | SALES / REVENUES | | | |
|---|---|---|---|---|
| PURCHASES | ELASTRON S.A. | THRACE GREENHOUSES SA | NORTHERN GREECE METAL PRODUCTS S.A. | TOTAL |
| ELASTRON S.A. | 0.00 | 0.00 | 860,437.08 | **860,437.08** |
| THRACE GREENHOUSES S.A. | 0.00 | 0.00 | 0.00 | **0.00** |
| PHOTOENERGY S.A. | 25,659.38 | 0.00 | 0.00 | **25,659.38** |
| PHOTODEVELOPMENT S.A. | 57,848.44 | 0.00 | 0.00 | **57,848.44** |
| PHOTODIODOS S.A. | 51,036.56 | 0.00 | 0.00 | **51,036.56** |
| PHOTOKYPSELI S.A. | 17,329.69 | 0.00 | 0.00 | **17,329.69** |
| ILIOSKOPIO S.A. | 24,166.41 | 0.00 | 0.00 | **24,166.41** |
| PHOTOISHIS LTD | 6,738.28 | 0.00 | 0.00 | **6,738.28** |
| **TOTAL** | **182,778.76** | **0.00** | **860,437.08** | **1,043,215.84** |

ELASTRON STEEL SERVICE CENTERS

(b) Intra-company receivables / liabilities on 30.06.2019 and 31.12.2018 respectively:

| | RECEIVABLES | | | |
|---|---|---|---|---|
| **LIABILITIES** | **ELASTRON S.A.** | **NORTHERN GREECE METAL PRODUCTS S.A.** | **COMPANIES OF PHOTOVOLTAIC STATIONS** | **TOTAL** |
| ELASTRON S.A. | 0.00 | 50,460.61 | 0.00 | **50,460.61** |
| PHOTOENERGY S.A. | 162,657.92 | 0.00 | 0.00 | **162,657.92** |
| PHOTODEVELOPMENT S.A. | 459,936.38 | 0.00 | 0.00 | **459,936.38** |
| PHOTODIODOS S.A. | 415,994.02 | 0.00 | 0.00 | **415,994.02** |
| PHOTOKYPSELI S.A. | 80,870.04 | 0.00 | 0.00 | **80,870.04** |
| ILIOSKOPIO S.A. | 155,191.03 | 0.00 | 0.00 | **155,191.03** |
| PHOTOISHIS LTD | 421,406.04 | 0.00 | 0.00 | **421,406.04** |
| NORTHERN GREECE METAL PRODUCTS S.A. | 211,090.32 | 0.00 | 0.00 | **211,090.32** |
| BALKAN IRON GROUP SRL | 155,700.00 | 0.00 | 0.00 | **155,700.00** |
| KALPINIS SIMOS BULGARIA EOOD | 810,000.00 | 0.00 | 0.00 | **810,000.00** |
| **TOTAL** | **2,872,845.75** | **50,460.61** | **0.00** | **2,923,306.36** |

| | RECEIVABLES | | | |
|---|---|---|---|---|
| **LIABILITIES** | **ELASTRON S.A.** | **NORTHERN GREECE METAL PRODUCTS S.A.** | **COMPANIES OF PHOTOVOLTAIC STATIONS** | **TOTAL** |
| ELASTRON S.A. | 0.00 | 50,460.61 | 0.00 | **50,460.61** |
| THRACE GREENHOUSES S.A. | 350,000.00 | 0.00 | 0.00 | **350,000.00** |
| PHOTOENERGY S.A. | 167,145.12 | 0.00 | 0.00 | **167,145.12** |
| PHOTODEVELOPMENT S.A. | 465,181.18 | 0.00 | 0.00 | **465,181.18** |
| PHOTODIODOS S.A. | 412,081.86 | 0.00 | 0.00 | **412,081.86** |
| PHOTOKYPSELI S.A. | 80,951.64 | 0.00 | 0.00 | **80,951.64** |
| ILIOSKOPIO S.A. | 155,921.43 | 0.00 | 0.00 | **155,921.43** |
| PHOTOISHIS LTD | 476,406.04 | 0.00 | 0.00 | **476,406.04** |
| NORTHERN GREECE METAL PRODUCTS S.A. | 4,436,090.32 | 0.00 | 0.00 | **4,436,090.32** |
| BALKAN IRON GROUP SRL | 167,370.00 | 0.00 | 0.00 | **167,370.00** |
| KALPINIS SIMOS BULGARIA EOOD | 805,000.00 | 0.00 | 0.00 | **805,000.00** |
| **TOTAL** | **7,516,147.59** | **50,460.61** | **0.00** | **7,566,608.20** |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-30.06 | | 1.1-30.06 | |
| | 2019 | 2018 | 2019 | 2018 |
| **c) Transactions and remuneration of Board Members & senior executives** | | | | |
| Transactions and remuneration of Board Members | 242,800.00 | 254,800.00 | 242,800.00 | 254,800.00 |
| Transactions and remuneration of senior executives | 44,200.00 | 44,200.00 | 44,200.00 | 44,200.00 |
| Transactions and remuneration of other related entities | 33,690.00 | 25,890.00 | 33,690.00 | 25,890.00 |
| Receivables from senior executives and Board members | 0.00 | 0.00 | 0.00 | 0.00 |
| Liabilities to senior executives and Board members | 0.00 | 0.00 | 0.00 | 0.00 |

Senior executives according to IAS 24 are those individuals that have the authority and responsibility for the planning, management and control of the entity's activities, directly or indirectly, and include all members of the Board of Directors (executive and non-executive) of the entity, as well as all other senior executives according to the above definition.

### H. Announcement of interim financial statements

The interim Financial Report of ELASTRON Group including the Management Report of the Board of Directors as integral part of the report for the period ended on 30/06/2019 have been uploaded in the webpage of the company at http://www.elastron.gr .

### I. Significant Events after the reporting date of the Statement of Financial Position

There are no events after the reporting date of 30/06/2019 that may significantly affect the financial position and the results of the company and the group.

## Review Report of Independent Certified Auditor - Accountant

Towards the Board of Directors of the Company “ELASTRON STEEL SERVICE CENTERS S.A.”

**Report on Review of Interim Financial Information**

**Introduction**

We reviewed the attached separate and consolidated statement of financial position of the Company “ELASTRON S.A. – STEEL SERVICE CENTERS” as well as of its subsidiaries for 30 June 2019 and the relevant separate and consolidated statements of income and other comprehensive income, changes in equity and cash flows of the six month period that ended on that date, as well as the selected explanatory notes that comprise the interim condensed financial reporting, which constitutes an integral part of the semi-annual financial report required under Law 3556/2007.

The Company’s Management has the responsibility of drafting and presenting this interim condensed financial information according to the International Financial Reporting Standards, as have been adopted by the European Union and are applicable to Interim Financial Reporting (International Accounting Standard “IAS” 34). Our responsibility is the expression of a conclusion on this interim condensed financial information based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. The review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying critical analysis and other review procedures. The scope of the review is substantially less than an audit conducted in accordance with International Standards on Auditing as they have been adopted by the Greek Legislation and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on the conducted review, nothing has come to our attention causing us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

**Report on Other Legal and Regulatory Requirements**

Our review did not detect any material inconsistency or error in the statements of the members of the Board of Directors as well as in the information of the semi-annual Management Report of the Board of Directors as these are stipulated in article 5 and 5a of Law 3556/2007 in relation to the interim condensed separate and consolidated financial information.

Athens, 26 September 2019

**EFSTATHIOS I. KARALIS**
Certified Auditor
SOEL Registration Number 40311

SOL S.A.
Member of Crowe Global
3 Fokionos Negri Str., 11257 Athens Greece
Certified Auditors Association Reg. No. 125

ELASTRON
STEEL SERVICE CENTERS

# 1. Statement of Financial Position

| (Amounts in €) | Note | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| **ASSETS** | | | | | |
| | | | | | |
| **Non Current Assets** | | | | | |
| Self-used tangible assets | 6 | 60,266,669.91 | 60,423,807.04 | 45,603,531.14 | 45,747,042.18 |
| Investment property | 6.7 | 3,049,061.31 | 3,078,490.98 | 3,049,061.31 | 3,078,490.98 |
| Intangible assets | 6 | 69,496.31 | 78,162.97 | 69,496.31 | 78,162.84 |
| Investment in associates, subsidiaries and joint ventures | 2,3 | 3,945,812.24 | 3,223,000.27 | 13,610,533.70 | 8,475,533.70 |
| Long term receivables | 8 | 194,669.72 | 539,101.90 | 2,397,790.75 | 6,949,749.01 |
| **Total Non Current Assets** | | **67,525,709.49** | **67,342,563.16** | **64,730,413.21** | **64,328,978.71** |
| | | | | | |
| **Current Assets** | | | | | |
| Inventories | 9 | 23,500,298.99 | 32,349,708.40 | 23,500,298.99 | 32,345,896.78 |
| Customers | 8 | 18,373,308.63 | 17,712,815.63 | 18,204,283.45 | 17,727,163.16 |
| Other receivables | 8 | 854,566.84 | 3,971,173.48 | 804,406.26 | 3,976,700.85 |
| Investments | 10 | 30,100.00 | 26,460.00 | 30,100.00 | 26,460.00 |
| Derivatives | 11 | 63.79 | 0.00 | 63.79 | 0.00 |
| Cash and cash equivalents | 12 | 9,170,795.21 | 3,770,665.02 | 9,083,570.61 | 3,522,383.90 |
| **Total Current Assets** | | **51,929,133.46** | **57,830,822.53** | **51,622,723.10** | **57,598,604.69** |
| **Total Assets** | | **119,454,842.95** | **125,173,385.69** | **116,353,136.31** | **121,927,583.40** |
| | | | | | |
| **EQUITY** | | | | | |
| **Shareholders' equity** | | | | | |
| Share capital | 13 | 18,410,839.00 | 18,410,839.00 | 18,410,839.00 | 18,410,839.00 |
| Share premium | 13 | 11,171,177.70 | 11,171,177.70 | 11,171,177.70 | 11,171,177.70 |
| Other reserves | 13 | 21,310,788.58 | 21,310,425.16 | 21,295,879.57 | 21,295,516.15 |
| Retained earnings | 13 | 14,128,995.52 | 15,451,190.14 | 14,609,849.33 | 15,601,670.22 |
| **Total shareholders' equity** | | **65,021,800.80** | **66,343,632.00** | **65,487,745.60** | **66,479,203.07** |
| Minority interest | 13 | 26,969.18 | 31,891.44 | 0.00 | 0.00 |
| **Total Equity** | | **65,048,769.98** | **66,375,523.44** | **65,487,745.60** | **66,479,203.07** |
| | | | | | |
| **LIABILITIES** | | | | | |
| **Long-Term liabilities** | | | | | |
| Loans | 15 | 30,349,000.00 | 28,210,000.0 | 30,349,000.00 | 28,210,000.00 |
| Provisions for employee benefits | 17 | 672,983.86 | 655,593.35 | 670,040.93 | 652,950.42 |
| Grants (deferred income) | 26 | 3,917,785.21 | 3,960,555.07 | 2,915,080.82 | 2,935,668.95 |
| Liabilities from financial leases | 27 | 1,208,344.55 | 1,016,099.33 | 846,702.48 | 1,016,099.33 |
| Deferred income tax | 16 | 2,956,301.39 | 2,537,262.92 | 1,903,207.91 | 1,600,962.46 |
| Provisions | | 42,000.00 | 42,000.00 | 0.00 | 0.00 |
| **Total Long-term Liabilities** | | **39,146,415.01** | **36,421,510.67** | **36,684,032.14** | **34,415,681.16** |
| | | | | | |
| **Short-Term Liabilities** | | | | | |
| Suppliers | 14 | 4,605,954.99 | 5,668,828.37 | 4,569,756.03 | 5,618,995.82 |
| Other liabilities | 14 | 1,154,047.87 | 1,303,482.99 | 1,002,307.52 | 1,095,576.22 |
| Liabilities from financial leases | 27 | 707,312.09 | 571,827.49 | 688,295.01 | 571,827.49 |
| Derivatives | 11 | 0.00 | 299.63 | 0.00 | 299.63 |
| Short-Term Loans | 15 | 8,792,343.01 | 14,831,913.10 | 7,921,000.01 | 13,746,000.01 |
| **Total Short-Term Liabilities** | | **15,259,657.96** | **22,376,351.58** | **14,181,358.57** | **21,032,699.17** |
| **Total Liabilities** | | **54,406,072.97** | **58,797,862.25** | **50,865,390.71** | **55,448,380.33** |
| **Total Equity and Liabilities** | | **119,454,842.95** | **125,173,385.69** | **116,353,136.31** | **121,927,583.40** |

ELASTRON STEEL SERVICE CENTERS

## *2. Statement of Income and Other Comprehensive Income*

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| **(Amounts in €)** | **Note** | **1.1 – 30.06.19** | **1.1 – 30.06.18** | **1.1 – 30.06.19** | **1.1 – 30.06.18** |
| Sales | 19 | 58,112,931.90 | 53,310,160.07 | 57,446,929.72 | 52,634,192.61 |
| Cost of sales | 20 | -52,390,133.58 | -47,234,288.88 | -52,119,633.06 | -46,955,806.27 |
| **Gross profit / (loss)** | | **5,722,798.32** | **6,075,871.19** | **5,327,296.66** | **5,678,386.34** |
| Other income | 20 | 952,783.89 | 1,369,092.52 | 1,064,012.16 | 1,072,135.28 |
| Distribution expenses | 20 | -4,813,372.87 | -4,250,608.01 | -4,813,372.87 | -4,250,608.01 |
| Administration expenses | 20 | -1,352,957.62 | -1,501,226.31 | -1,233,469.72 | -1,396,669.95 |
| Other expenses | 20 | -224,637.18 | -482,545.00 | -68,954.93 | -494,516.97 |
| **Earnings / (losses) before interest and taxes (EBIT)** | | **284,614.54** | **1,210,584.39** | **275,511.30** | **608,726.69** |
| Financial income | 20 | 125,373.51 | 48,865.04 | 188,247.43 | 99,362.54 |
| Financial cost | 20 | -1,184,571.86 | -1,481,837.20 | -1,144,416.07 | -1,272,888.56 |
| Income/(expenses) of companies consolidated with the equity method | 20 | -40,444.96 | -62,881.06 | 0.00 | 0.00 |
| **Earnings / (losses) before taxes (EBT)** | | **-815,028.77** | **-285,268.83** | **-680,657.34** | **-564,799.33** |
| Income Tax | 20 | -437,392.69 | -265,814.86 | -304,634.14 | -187,288.88 |
| | | | | | |
| **Earnings / (losses) after taxes (EAT) (a)** | | **-1,252,421.46** | **-551,083.69** | **-985,291.48** | **-752,088.21** |
| | | | | | |
| **Attributed to:** | | | | | |
| Shareholders of the parent | | -1,253,773.84 | -552,272.08 | -985,291.48 | -752,088.21 |
| Minority interest | | 1,352.38 | 1,188.39 | 0.00 | 0.00 |
| | | | | | |
| Other comprehensive income / (expenses) after taxes (b) | 20 | 363.34 | 57,996.01 | 363.42 | 57,996.01 |
| **Total comprehensive income/ expenses after taxes (a) + (b)** | | **-1,252,058.12** | **-493,087.68** | **-984,928.06** | **-694,092.20** |
| | | | | | |
| **Attributed to:** | | | | | |
| Shareholders of the parent | | -1,253,410.50 | -494,276.06 | -984,928.06 | -694,092.20 |
| Minority interest | | 1,352.38 | 1,188.38 | 0.00 | 0.00 |
| | | | | | |
| Earnings / (losses) after taxes per share – basic (in €) | 21 | (0.0681) | (0.0300) | (0.0535) | (0.0408) |
| **Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)** | | **1,796,668.55** | **2,196,922.81** | **1,468,327.97** | **1,593,852.82** |

ELASTRON
STEEL SERVICE CENTERS

# 3. Statement of Changes in Equity

## (A) STATEMENT OF CHANGES IN GROUP'S EQUITY

| | | Corresponding to shareholders of the parent | | | Minority interest | Total Equity |
|---|---|---|---|---|---|---|
| | | Share Capital | Share Premium | Reserves & Retained earnings | | |
| **Balance on 01.01.2018** | | **18,421,516.00** | **11,171,177.70** | **38,028,098.88** | **27,910.93** | **67,648,703.51** |
| Net Profit / (Loss) for the period recorded in total | | 0.00 | 0.00 | -1,132,006.25 | 3,980.51 | -1,128,025.74 |
| Purchase of treasury shares | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Adoption of new standard, IFRS 9 | | 0.00 | 0.00 | -141,539.81 | 0.00 | -141,539.81 |
| Cancellation of treasury shares | | -10,677.00 | 0.00 | 7,062.48 | 0.00 | -3,614.52 |
| **Balance on 31.12.2018** | | **18,410,839.00** | **11,171,177.70** | **36,761,615.30** | **31,891.44** | **66,375,523.44** |
| Net Profit / (Loss) for the period recorded in total | | 0.00 | 0.00 | -1,253,410.50 | 1,352.38 | -1,252,058.12 |
| Effect from IFRS 16 | | 0.00 | 0.00 | -68,420.70 | -6,274.64 | -74,695.34 |
| Cancellation of treasury shares | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Balance on 30.06.2019** | | **18,410,839.00** | **11,171,177.70** | **35,439,784.10** | **26,969.18** | **65,048,769.98** |

## (B) STATEMENT OF CHANGES IN COMPANY'S EQUITY

| | | Corresponding to shareholders of the parent | | | Total Equity |
|---|---|---|---|---|---|
| | | Share Capital | Share Premium | Reserves & Retained earnings | |
| **Balance on 1.1.2018** | | **18,421,516.00** | **11,171,177.70** | **39,655,478.99** | **69,248,172.69** |
| Net Profit / (Loss) for the period recorded in total | | 0.00 | 0.00 | -2,621,786.33 | -2,621,786.33 |
| Purchase of treasury shares | | 0.00 | 0.00 | 0.00 | 0.00 |
| Adoption of new standard, IFRS 9 | | 0.00 | 0.00 | -143,568.77 | -143,568.77 |
| Cancellation of treasury shares | | -10,677.00 | 0.00 | 7,062.48 | -3,614.52 |
| **Balance on 31.12.2018** | | **18,410,839.00** | **11,171,177.70** | **36,897,186.37** | **66,479,203.07** |
| Net Profit / (Loss) for the period recorded in total | | 0.00 | 0.00 | -984,928.06 | -984,928.06 |
| Effect from IFRS 16 | | 0.00 | 0.00 | -6,529.41 | -6,529.41 |
| Cancellation of treasury shares | | 0.00 | 0.00 | 0.00 | 0.00 |
| **Balance on 30.06.2019** | | **18,410,839.00** | **11,171,177.70** | **35,905,728.90** | **65,487,745.60** |

ELASTRON
STEEL SERVICE CENTERS

## 4. Statement of Cash Flows

| (Amounts in €) | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 1.1-30.06.2019 | 1.1-30.06.2018 | 1.1-30.06.2019 | 1.1-30.06.2018 |
| **Operating Activities** | | | | |
| Earnings before Tax (EBT) | -815,028.77 | -285,268.83 | -680,657.34 | -564,799.33 |
| Plus / minus adjustments for: | | | | |
| Depreciation & amortization | 1,554,823.87 | 1,522,335.31 | 1,213,404.80 | 1,091,205.78 |
| Depreciation of grants | -42,769.86 | -535,996.89 | -20,588.13 | -106,079.65 |
| Provisions | 17,390.51 | 21,704.39 | 17,090.51 | 21,704.39 |
| Impairment of assets | 52,850.75 | 150,000.00 | 47,001.12 | 450,000.00 |
| Results (income, expenses, profit and loss) from investment activity | -43,009.89 | 117,446.93 | -2,564.93 | 19,517.67 |
| Debit interest and related expenses | 1,184,571.86 | 1,481,837.20 | 1,144,416.07 | 1,272,888.56 |
| | 1,908,828.47 | 2,472,058.11 | 1,718,102.10 | 2,184,437.42 |
| Plus/minus adjustments for changes in working capital accounts or those related to operating activities | | | | |
| Decrease / (increase) of inventories | 8,849,409.41 | -4,534,732.23 | 8,845,597.79 | -4,538,543.85 |
| Decrease / (increase) of receivables | 2,759,780.11 | -3,609,465.30 | 7,203,299.08 | -2,955,838.36 |
| (Decrease) / increase of liabilities (apart from banks) | -1,049,297.36 | -2,245,848.23 | -1,079,035.81 | -2,989,239.85 |
| Minus: | | | | |
| Debit interest and related expenses paid | -1,272,227.95 | -1,344,761.57 | -1,230,416.07 | -1,102,796.62 |
| Taxes paid | -12,085.04 | -4,831.31 | -12,085.04 | -4,525.88 |
| **Total inflows/(outflows) from operating activities (a)** | **11,184,407.64** | **-9,267,580.53** | **15,445,462.05** | **-9,406,507.14** |
| | | | | |
| **Investment Activities** | | | | |
| Acquisition of subsidiaries, associates, joint ventures and other investments | -785,000.00 | 0.00 | -5,135,000.00 | -1,000,000.00 |
| Purchase of tangible and intangible fixed assets | -824,696.04 | -1,625.31 | -824,696.04 | -339,013.63 |
| Proceeds from sales of tangible and intangible assets | 16,000.00 | 524,000.00 | 16,000.00 | 24,000.00 |
| Interest received | 13.52 | 762.56 | 13.52 | 761.00 |
| **Total cash inflows/(outflows) from investment activities (b)** | **-1,593,682.52** | **523,137.25** | **-5,943,682.52** | **-1,314,252.63** |
| | | | | |
| **Financial Activities** | | | | |
| Amounts collected from issued / received Loans | 28,411,000.00 | 39,650,000.00 | 28,411,000.00 | 39,650,000.00 |
| Loan repayments | -32,251,946.00 | -33,396,272.00 | -32,011,000.00 | -31,484,800.00 |
| Repayment of liabilities from financial leases | -349,648.93 | -487,088.61 | -340,592.82 | -487,088.61 |
| **Total cash inflows/(outflows) from financial activities (c)** | **-4,190,594.93** | **5,766,639.39** | **-3,940,592.82** | **7,678,111.39** |
| | | | | |
| **Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)** | **5,400,130.19** | **-2,977,803.89** | **5,561,186.71** | **-3,042,648.38** |
| Cash and cash equivalents at the beginning of the period | 3,770,665.02 | 5,930,121.94 | 3,522,383.90 | 5,410,747.70 |
| **Cash and cash equivalents at the end of the period** | **9,170,795.21** | **2,952,318.05** | **9,083,570.61** | **2,368,099.32** |

ELASTRON
STEEL SERVICE CENTERS

# Notes on the Financial Statements

## 1. General information

The Company "ELASTRON S.A.- STEEL SERVICE CENTERS" was founded in 1958 as a Limited Liability Company and in 1965 was converted to an S.A. Company. It has its headquarters in Aspropyrgos Municipality (Ag. Ioannou venue, Stefani) and it is registered with the Ministry of Development, General Secretariat of Commerce, Corporations and Credit Directorate, under S.A. Company Registration Number 7365/06/B/86/32.

The Company's main activity is the import, processing, and trade of steel, steel plates, iron and metal goods, and similar goods.

The Company's shares are listed and traded on the Athens Exchange since 1990.

The Company has no disputes in litigation or in arbitration, nor are there any decisions by judicial or arbitration bodies that may have a significant impact on its financial position situation or operation.

The Company's website is **http://www.elastron.gr.**

The Semi-Annual Report of 30.06.2019 was approved by the Company's Board of Directors on 25.09.2019.

## 2. Significant accounting principles used by the Group

### 2.1 New standards, interpretations and amendments to existing standards

New standards, amendments of standards and interpretations have been issued and have mandatory application for annual accounting periods beginning on 1 January 2019 or after.

The accounting principles, based on which the accompanying interim condensed consolidated financial statements have been prepared, are consistent with those applied during the preparation of the annual consolidated financial statements for the year ended on 31st December 2018 except for the adoption of new mandatory standards for accounting periods beginning on 1st January 2019.

During the fiscal year 2019, the Group adopted the standard IFRS 16 and as it is required from IAS 34, the nature and the result of these changes that emerged from the above adoption are presented below. Unless it is otherwise started, all other amendments and interpretations that are in effect for the first time in year 2019 do not affect the Group's financial statements. The Group did not proceed with early adoption of standards, interpretations or amendments issued by the IASB and adopted by the European Union and which are not mandatory in the year 2019.

**Standards and Interpretations mandatory for the current fiscal year 2019**

**IFRS 16 «Leases»**

On 13 January 2016 the International Accounting Standards Board (IASB) issued the IFRS 16 which superseded the IAS 17 as well as the Interpretations 4, 15 and 27. The objective of the standard is to ensure that lessors and lessees provide useful information that presents fairly the substance of the transactions concerning leases. The IFRS 16 introduces a single lessee accounting model on lessee's side, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. With regards to the accounting treatment, on the lessor's side, the IFRS 16 substantially incorporates the requirements of the IAS 17. Consequently, lessors continue to classify leases as operating or finance, and follow different lessor accounting for each type of contract. The new standard is applicable for annual periods beginning on or after 1 January 2019.

**Transition into IFRS 16**

The Group adopted IFRS 16 on retrospective basis by recording the cumulative effect of the initial recognition in the equity position of 01/01/2019 and therefore did not restate the comparative information. Based on the above approach:

The Group recognized a liability measured at its present value, as arising from discounting the remaining leases through the incremental borrowing cost effective on the date of the Standard's initial application. Furthermore, it recognized a right to use an asset by measuring that right at an amount equal to the corresponding liability that will be recognized. The impact of the above adoption was recorded as an adjustment in the results carried forward on 01/01/2019 without restating the comparative information.

The Group decided to adopt the standard in the leasing agreements that had been recognized as leases before the effective date of IFRS 16 by applying IAS 17 and Interpretation 4. As a result, the Group will not apply the standard in the contracts that had not been previously defined as leasing agreements, according to IAS 17 and the IFRIC 4.

Moreover, the Group selected to use the exemptions provided by the standard for the leasing contracts that end within the 12-month period from the date of initial adoption and for the leasing agreements where the underlying asset is of insignificant value.

It is noted that the Group for those leases expiring in year 2019, but however are going to be renewed, proceeded with a series of estimates regarding their renewal.

With respect to the discount rate, the Group decided to apply a single discount rate to every category of leases with similar characteristics (such as leases with corresponding duration, for similar fixed assets and in a corresponding economic environment).

Regarding the definition of the value of right-of-use assets, the Group utilized the average borrowing rate of the company and Group's companies which was estimated at 4% and 6.5%.

The accounting principles of the Group for the leases are presented in the chapter 2.24 of the report. In summary, the effect from the adoption of IFRS 16 is presented.

The change in the accounting policy affected the following items in the statement of financial position as of 1st January 2019:

| Effect on the Statement of Financial Position (increase / (decrease)) on 1st January 2019: | GROUP | COMPANY |
|---|---|---|
| **Assets** | | |
| **Tangible Fixed Assets (Rights-of-use)** | **551,983.58** | **224,190.81** |
| **Deferred tax receivables** | **17,888.14** | **2,388.69** |
| | **569,871.72** | **226,579.50** |
| **Liabilities** | | |
| **Liabilities from financial leases** | **622,824.17** | **233,108.91** |
| **Deferred tax liabilities** | **0.00** | **0.00** |
| | **622,824.17** | **233,108.91** |
| | | |
| **Net effect on Equity** | **-52,952.45** | **-6,529.41** |

The equity of the group on 01/01/2019 was negatively affected by the transition into the IFRS 16 apart from the above analysis and by an amount of 21,743.89 from a related company that is consolidated according to the equity method.

| | 1/1/2019 | |
|---|---|---|
| **Right-of-use assets** | **GROUP** | **COMPANY** |
| Property | 327,792.77 | 0.00 |
| Other Equipment | 25,492.97 | 25,492.97 |
| Transportation Means (EIX) | 198,697.84 | 198,697.84 |
| **Total** | **551,983.58** | **224,190.81** |

The impact from the adoption of the new Standard on 30.06.2019 had in turn an effect on the following financial accounts:

| | 30/6/2019 | |
|---|---|---|
| **Repayment of right-of-use assets** | **GROUP** | **COMPANY** |
| Capital repayment - Property | 9,056.11 | 0.00 |
| Capital repayment – Other equipment | 13,062.06 | 13,062.06 |
| Capital repayment – Transportation means (EIX) | 44,827.39 | 44,827.39 |

| | 30/6/2019 | |
|---|---|---|
| **Expenses of right-of-use assets based on IFRS 16** | **GROUP** | **COMPANY** |
| Depreciation - Property | 12,003.03 | 0.00 |
| Interest payments - Property | 12,543.89 | 0.00 |
| Deferred tax – Property | -736.73 | 0.00 |
| Depreciation - Other machinery | 12,269.34 | 12,269.34 |
| Interest payment - Other machinery | 440.28 | 440.28 |
| Deferred tax – Other machinery | -321.86 | -321.86 |
| Depreciation - Transportation means (EIX) | 44,878.99 | 44,878.99 |
| Interest payment - Transportation means (EIX) | 4,488.11 | 4,488.11 |
| Deferred tax - Transportation means (EIX) | -1,900.09 | -1,900.09 |

**IFRS 9 (Amendments) "Financial Instruments-Prepayment features with negative compensation"**

The Board issued on 12 October 2017 an amendment to IFRS 9 which allows certain prepaid financial assets with features of negative remuneration, which otherwise would have been valued at fair via the results, to be measured and valued at the net amortized cost or at fair via the other results which are directly recorded in Equity. The amendment in IFRS 9 clarifies that the contractual terms which govern a financial asset comprise exclusively the cash flows on capital and interest on the balance of the capital due, which must be paid in certain dates (Solely Payments of Principal and Interest- SPPI), regardless of the event that causes the premature expiration of the contract and also regardless of the counterparty that pays or receives the fair remuneration from the premature expiration of contract.

**IFRIC 23 Interpretation “Uncertainty over Income Tax Treatments”**

On 7 June 2017, the International Accounting Board released the Interpretation 23. Interpretation 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. In such case should be considered:
-- whether tax treatments should be considered collectively or independently and on the assumption that the examinations will be done by the taxation authorities having full knowledge of all relevant information:
-- it is probable that the taxation Authorities will accept the entity's determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates and
-- an entity has to reassess its judgments and estimates if facts and circumstances change.

**Annual Improvements in IFRS, Cycle 2015-2017**

The following amendments of the 2015-2017 Cycle were issued by the Board in December 2017.

**IFRS 3 Business Combinations and IFRS 11 Joint Arrangements**

The amendments of IFRS 3 clarify that when an economic entity acquires the control of an entity which previously constituted a joint entity, then the economic entity should proceed and value the business interest which previously held in the particular entity.
The amendments of IFRS 11 clarify that an entity that participates, but has no control over another joint entity, may acquire joint control in the joint entity whose business activity comprises a company operation as defined in IFRS 3. In such cases, the business interests previously held in the joint entity are not being valued anew.

**IAS 12 Income Taxes**

The Board by amending the IAS 12 clarified that an economic entity should record the entire tax effects arising from the distribution of dividends on the results, the other comprehensive income or the equity, depending on where the entity recorded the initial transaction from which the distributed earnings and then the dividend emerged.

**IAS 23 Borrowing Costs**

The amendments clarify that if the borrowing that was received especially for the acquisition of an asset is remaining as pending and the relevant asset is ready to be used as initially planned or is ready for sale, then the balance of borrowing should be included in the capital of the general borrowings during the calculation phase of the capitalization rate.

**IAS 28 (Amendment) "Investments in Associates and Joint Ventures"**

The Board, in October 2017, issued amendments on the IAS 28 "Investments in Associates and Joint Ventures". With this amendment, the Board clarified that the exception in IFRS 9 is valid only for the business interests that are being monitored on an accounting basis with the equity method. The entities should apply the IFRS 9 in the other interests in associate companies and joint ventures, including the long-term interests where the equity method is not being applied and which in essence constitute part of the net investment in these associate companies and joint ventures.

**IAS 19 (Amendment) "Employee Benefits" - Modification, Curtailment or Settlement of a Defined Benefit Plan"**

The International Accounting Standards Board on 7th February 2018 issued an amendment on IAS 19 according to which it clarified the manner based on which the service cost should be determined when changes emerge in a defined benefit plan. According to IAS 19 in case of amendment, curtailment or arrangement, the recalculation of the net liability or asset with regard to the defined benefits is required. The amendment of IAS 19 provides that the revised assumptions should be used, meaning the ones that had been used during the re-estimation of the net liability or asset needed for the determination of the service cost and the net interest for the remaining period after the change in the plan.
Also, with the amendment of IAS 19, further clarification is provided with regard to the effect of a amendment, curtailment or arrangement in the assets with regard to any limitation in the recording of the net receivable or asset (maximum limit of asset).

**<u>Standards and Interpretations mandatory for subsequent periods that have not been early adopted by the Company (or and the Group) and have not been adopted by the European Union:</u>**

**IFRS 17 "Insurance Contracts"**

On May 18, 2017, the IASB issued the IFRS 17 which supersedes the existing standard IFRS 4.
IFRS 17 establishes the principles for the recording, valuation, presentation and the disclosures of the insurance contracts with the aim to provide a more unified approach in terms of valuation and presentation for all insurance contracts.

According to the requirements of IFRS 17 the valuation of insurance obligations is not performed at the historic cost but instead at the current value in a prudent manner and with the use of:

- unbiased expected weighted estimates of future cash flows based on updated assumptions,
- discount rates that reflect the characteristics of the contracts' cash flows,
- estimates with regard to financial and non-financial risks that emerge from the issuance of insurance contracts.

The new standard is applicable for annual accounting periods beginning on or after 1 January 2021.

**<u>Amendments to References to the Conceptual Framework in IFRS (released on 29th March 2018)</u>**

On 29th March 2018, the International Accounting Standards Board released the revised conceptual framework which redefines:
-The purpose of the financial information,
-The quality features of the financial statements,
-The definitions of the asset, the liability, the net worth as well as the income and expenses,
-The recognition criteria and the guidance with regard to the time of the write-off of the assets and liabilities in the financial statements,
-The basis of valuation and the guidance concerning the manner by which they should be used, and
-Concepts and guidance with regard to the presentation and the disclosures.

The scope of the revision of the conceptual framework is to assist in the preparation of the financial statements based on the adoption of consistent accounting policies for transactions and other events which are not governed by the scope or the application of existing standards or when a standard provides the option to select from a set of accounting policies. Furthermore, the scope of the revision is to assist all involved parties to further and better comprehend and interprete the standards.

The IASB (International Accounting Standards Board) also issued an attached document, Amendments to References of the Conceptual Framework, which determines the amendments of the standards affected, in order to update these references to the conceptual framework.

The amendment is applicable from the parties applying accounting policies based on the conceptual framework in the annual accounting periods beginning on or after 1st January 2020.

**IAS 1 and IAS 8 (Amendments) "Definition of Material"**

The amendments clarify the definition of what is material and how it should be implemented, including guidance on the definition that has so far been reported in other IFRSs. The definition of material, which is an important accounting concept in IFRS, helps companies to decide whether the information should be included in their financial statements. The updated definition amends IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The amendment ensures that the definition of material is consistent across all IFRS standards. The amendment shall apply from or after 1 January 2020.

**IFRS 3 (Amendment) "Business Combinations"**

The amendment concerns the improvement of the company's definition in order to help companies determine whether or not they are acquiring a business or group of assets. The modified business definition focuses on the output of a business, which is the supply of goods and services to customers, while the former definition focused on returns in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

Companies are required to apply the amended definition of the entity to acquisitions on or after 1 January 2020.

## 2.2 Basis for Preparation of the Financial Statements

ELASTRON S.A Company and Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations, as such have been adopted by the European Union. The transition date of the Group to IFRS was set as January 1st 2004, during which the Opening Balance Sheet was prepared.

The preparation of the financial statements in accordance with generally accepted accounting principles requires the use of evaluations and assumptions that affect the balances of asset and liabilities accounts, the disclosure of contingent receivables and payables on the preparation date of the financial statements, as well as the reported income during the financial periods in question. Even though these specific evaluations are based on the Management's (the Group's) best knowledge, the actual results may eventually differ from such estimates.

## 2.3 Consolidation

The consolidated financial statements consist of the financial statements of the parent Company ELASTRON S.A. and the other Group companies, which are the following:

| COMPANY | DOMICILE | BUSINESS ACTIVITY | PARTICIPATION STAKE | PARTICIPATION COST | CONSOLIDATION METHOD |
|---|---|---|---|---|---|
| NORTHERN GREECE METAL PRODUCTS S.A. | Thessaloniki | Commerce and processing of steel products | 100.00% | 10,718,000 | Full |
| BALKAN IRON GROUP S.R.L. | Bucharest, Romania | Commerce and processing of steel products | 33.33% (Joint Venture) | 800,000.00 | Equity |
| PHOTODEVELOPMENT S.A. | Aspropyrgos | Production of electric energy from Photovoltaic stations | 98.6% | 325,500 | Full |
| PHOTODIODOS S.A. | Aspropyrgos | Production of electric energy from Photovoltaic stations | 98.3% | 265,533.70 | Full |
| PHOTOENERGY S.A. | Aspropyrgos | Production of electric energy from Photovoltaic stations | 97.5% | 175,500 | Full |
| ILIOSKOPIO SA | Aspropyrgos | Production of electric energy from Photovoltaic stations | 97.5% | 175,500 | Full |
| PHOTOKYPSELI S.A. | Aspropyrgos | Production of electric energy from Photovoltaic stations | 97.5% | 175,500 | Full |
| PHOTOISXYS LTD | Aspropyrgos | Production of electric energy from Photovoltaic stations | 100.00% | 80,000 | Full |
| THRACE GREENHOUSES S.A. | Xanthi | Production of agricultural products from glasshouse cultivations | 49.09% | 3,485,000 | Equity |
| KALPINIS SIMOS BULGARIA EOOD | Sofia, Bulgaria | Commerce and processing of steel products | 100.00% | 10,000 | Full |

* The participation cost does not include any impairment.

The business interests held in companies that were consolidated according to the equity method in the financial statements of the Group as of 30/06/2019 are analyzed below:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| BALKAN IRON GROUP SRL | 399,744.30 | 445,330.77 | 800,000.00 | 800,000.00 |
| THRACE GREENHOUSES SA | 3,546,067.94 | 2,777,669.50 | 3,485,000.00 | 2,700,000.00 |
| **Total** | **3,945,812.24** | **3,223,000.27** | **4,285,000.00** | **3,500,000.00** |

Cross-company transactions, balances and unrealized profit from transactions between the companies of the Group are written-off. The unrealized losses are also written-off, unless the transaction provides indications of impairment of the transferred asset. During the acquisition of a company, the assets, liabilities as well as contingent obligations acquired are estimated at fair value on the acquisition date.

The acquisition cost, by the amount that exceeds the fair value of the acquired net assets (assets – liabilities – contingent obligations), is recorded as goodwill in the financial year when the acquisition took place.

In the event that the acquisition cost is less than the above fair value, the difference is recorded in the results of the financial year when the acquisition took place. Minority interest is recorded according to its proportion on fair value. In subsequent financial years, any losses are proportionally distributed to the minority, in addition to minority interest.

The results of the acquired or sold subsidiaries within the financial year are included in the consolidated statement of results from or until the date of acquisition or sale, respectively. The accounting principles of the Group's companies have been amended so as to conform to those adopted by the Group. The participation of the above companies in the ELASTRON S.A. Company financial statements is measured at acquisition cost, minus any provision for impairment of their value.

## 2.4 Foreign Exchange translations

The reference currency of the Group is the Euro and therefore the financial statements are presented in Euro (€). Transactions in foreign currency are translated to Euro using the applicable exchange rates on the date of the transactions. Receivables and liabilities in foreign currency on the date the financial statements were prepared are adjusted so as to reflect the exchange rates prevailing during the preparation date. The profits and losses that arise from such transactions are recorded in the results.

The operating currency of foreign subsidiaries is the official currency of the country where each respective company operates. As regards to foreign subsidiaries which operate in a country with a currency other than the Euro, all balance sheet figures of such during the preparation of the Financial Statements, are translated to Euro using the spot exchange rate as at the financial statements date, while the revenues and expenses are translated using the average exchange rate during the reporting period. The cumulative difference that results from the aforementioned conversion is registered directly in equity until the sale, write-off or de-recognition of a subsidiary, in which case such are transferred to the results.

## 2.5 Consolidated Financial Statements

(a) Subsidiaries

Subsidiaries are companies over which the parent Company exercises control. The subsidiaries are fully consolidated using the full consolidation method from the date whereupon control over them is acquired and they stop being consolidated from the date upon which such control ceases to exist. The inter-company balances between the Group's companies, transactions between the Group's companies, as well as the unrealized profits are fully written-off in the consolidated financial statements. The consolidated financial statements are prepared using the same accounting principles, while necessary adjustments are made whenever deemed necessary. Investments in subsidiaries are registered at acquisition cost minus any impairment.

(b) Related – Associate Companies

Associated companies are those over which the parent Company exercises substantial influence and which are not considered subsidiaries or joint ventures. In general, ownership of 20% to 50% of voting rights indicates the existence of substantial influence. Investments in related companies are accounted for using the net equity method and are initially registered at acquisition cost.

(c) Joint Ventures (Entities under joint control)

The entity under joint control is a joint venture that consists of the incorporation of a Company in which each participant receives a share. It operates like any other entity except that there is a contractual arrangement between the participants that determines the joint control of the entity's financial activities. From 01.01.2013, the Company consolidates its stake in joint ventures using the equity consolidation method.

## 2.6 Tangible Fixed Assets

Tangible assets are recorded in the financial statements at their acquisition cost (historical cost) minus accumulated depreciation and any impairment in value. The acquisition cost of land plots and buildings/ building installations was determined on the transition date to market value. The Group assigned the appraisal of its properties to an independent appraiser in order to record such at fair value on the transition date. The acquisition cost includes all the expenses directly attributable to the acquisition of the assets. Subsequent additions and improvements are recorded as an increase in the cost of related assets, given that such increase the useful life or production capacity of the asset or decrease its operating cost. Repairs and maintenance are recorded as expenses in the period during which such were carried out.

Depreciation of tangible assets (apart from land plots, which are not depreciated) is calculated based on the straight-line method over their estimated useful life. The economic life is reviewed on annual basis. The estimated useful life per class of fixed assets is as follows:

| Fixed Asset Category | Economic Life |
|---|---|
| Buildings/ Building Installations etc. | 10 - 33 years |
| Mechanical Equipment etc. | 10 - 33 years |
| Vehicles (Transportation means) | 06 - 20 years |
| Other Equipment | 03 - 20 years |

When the book value of tangible assets exceeds their recoverable value, the difference (impairment) is recorded as an expense in the results. The related cost and accumulated depreciations of assets that are sold or withdrawn are written off from the corresponding accounts at the time of withdrawal or sale, and corresponding profits or losses are recorded in the period's results.

## 2.7 Intangible Assets

Intangible assets include software, which is valued at acquisition cost minus amortization. The amortization is estimated using the straight line method throughout the useful life of such assets, which is approximately up to 10 years. The expenditures required for the maintenance of software are recorded as expenses when they occur. The expenditures made for the development of certain software products that are controlled by the Group (in-house developments) are recorded as intangible assets when the following conditions are fulfilled: a) a certain asset is generated; b) it is likely that the generated asset will result into future economic benefits; and c) the development cost can be reliably estimated. Such expenditures include personnel fees and proportional general expenses. In case of software replacement from a new product, if the old one is not being used any longer then it is deleted from the Registry of Fixed Assets and its net book value affects the results for the year. In case of software upgrade, the particular cost is added to the acquisition cost and the amortization is calculated in the new acquisition cost. The economic life is reviewed on annual basis.

### 2.8 Investment property

Investments property corresponds to property (land plots or buildings or part of a building or both) that are owned (by the owner or by the lessee with financial leasing) in order to yield rents or an increase in their value or both, and not for:

- Use in production (plants) or procurement of goods (warehouses) or for administrative purposes (office buildings);
- Sale in the regular course of the Company's business.

Investments property is valued according to the acquisition cost method (in the exact manner as operational property) and is recorded in the balance sheet at acquisition cost minus accumulated amortization and accumulated impairment losses.

### 2.9 Non-current assets held for sale and discontinued activities

Accounting treatment of the assets that are held for sale and presentation and disclosure of the discontinued activities:

The non-current assets held for sale are classified as held for sale if their net book value is going to be recovered through their sale and not through their continuous use. This condition is considered to be valid only if the sale is very likely to occur and the asset is readily available for sale in its existing condition. The Management must be willing to make the sale which is expected to occur either based on the time period defined in the contractual commitment or within a year from the above classification.

a) assets that fulfill the classification criteria of being held for sale should be valued at the lowest value between the book value and the fair market value minus the sales cost, while the amortization of these assets should cease, and

b) The assets that fulfill the classification criteria of being held for sale should be separately presented in the statement of financial position and the results of the discontinued operations should be separately presented in the results.

A discontinued activity comprises part of an economic entity that has been either allocated or classified as held for sale and:

a) Represents a separate and significant part of business activities or a geographic area of business operations,
b) Comprises part of a unified and coordinated program in the liquidation (sale) of a large part of activities or a geographic area of operations or
c) It is a subsidiary which was acquired exclusively with the prospect to be resold.

### 2.10 Impairment review of tangible and intangible assets

Assets that are depreciated are subject to an impairment review when there are indications that their book value is not recoverable. Recoverable value is the larger value between the net sale value (selling price less selling expenses) and value in use. Loss due to impairment of assets is recognized when the book value of these items or the cash-flow generating units is greater than their recoverable amount.

### 2.11 Segment reporting

IFRS 8 which replaces IAS 14, adopts the approach of presenting segment information, based on the manner in which such is presented internally to those that make decisions for the allocation of resources and the audit of the effectiveness of the company's operations. The segments constitute parts of an entity that are reviewed regularly by the entity's CEO / Board of Directors and are presented in the financial statements according to this internal categorization.
A business segment is defined as a group of assets and operations which include products and services that are subject to different risks and returns than those of other business segments. A geographic

segment is defined as a geographic area where products and services are provided and which is subject to different risks and returns than other areas.

## 2.12 Borrowing Cost

The underwriting, legal, and other direct costs incurred related to the issue of a loan, readjust the borrowing amount recorded in the Results based on the effective interest rate method for the duration of the loan agreement. The borrowing costs are recorded in the results on the date they are incurred. The amount of the borrowing cost that corresponds to the construction period of tangible fixed assets is recognized as an increase to the latter's value.

## 2.13 Financial Assets (instruments)

A financial instrument constitutes any contract which generates a financial asset in a company and a financial liability or an equity participation in another company.

*Initial Recognition*

The Group measures the financial assets and financial liabilities during the initial recognition at fair value plus/minus the transaction costs which are related to the acquisition of financial assets or the issuance of financial liabilities respectively. The Group initially recognizes the trade receivables which do not incorporate any significant financing part in their transaction price.

The financial assets are being classified according to the business model of the economic entity concerning the management of the financial assets and their contractual cash flows.

The Group has a business model via which it manages the financial assets whereas this model reflects the manner by which the Group manages the assets in order to generate cash flows. In order for a financial asset to be classified and valued at the net book value or at the fair value via the comprehensive income, cash flows should emanate from them and be "solely payments of interest and principal" (SPPI) on the initial capital. This assessment is referred to as SPPI test and is reviewed at the level of financial items. The business model defines whether the cash flows will derive from the collection of contractual cash flows, sale of financial assets or from both. The Group reassesses the business model at each reporting period in order to determine if the business model has changed in comparison with the previous reporting period. For the current reporting periods of the current fiscal year, the Group did not detect any change in its business model.

**Subsequent Measurement**

The financial assets are being classified in one of the following three categories, which in turn determine their subsequent measurement:
- The net depreciated cost
- The fair value via the other comprehensive income and
- The fair value via the results

A financial asset is measured at the amortized or net depreciated cost whenever the following two conditions are simultaneously in effect:
- The financial asset is owned for holding purposes and for the collection of the contractual cash flows embedded in the asset, and
- The contractual terms of the asset lead, in certain dates, into cash flows which are exclusively payments of capital and interest on the outstanding balance of the capital.

A financial asset is measured at fair value via the other comprehensive income whenever the following two conditions are simultaneously in effect:
- The asset is being held for both the collection of the contractual cash flows embedded in this and its sale, and
- The contractual terms of the asset lead in certain dates into cash flows which are exclusively payments of capital and interest on the outstanding balance of the capital.

A financial asset is measured at fair value via the results when it is not classified under the two previous categories. However upon the initial recognition, an economic entity may select irrevocably for certain investments in participating securities to depict subsequent changes in their fair value through the other comprehensive income. Otherwise, these would have been measured at fair value and would have been accounted for via the results.

There is also the option, upon the initial recognition, for the economic entity to determine irrevocably a financial asset as being measured at fair value through the results if by this manner the entity is in position to either reduce notably or to eliminate an inconsistency in the measurement or the recognition (sometimes referred to as "accounting inconsistency") which otherwise would have emerged from the measurement of the financial assets or liabilities, or from the recognition of the profits or losses on these according to different bases.
The economic entity reclassifies financial assets whenever it modifies the business model it applies for their management.

**Embedded Derivatives**

According to IFRS 9, if the host contract in a financial item that also includes embedded derivatives is a financial asset, then the principles of classification and measurement described above are being applied for the entire hybrid contract. In other words, there is no requirement for separating the derivative from the host contract as it was the case by IAS 39.
A separation may be required under certain conditions when the host contract is not a financial asset.

**Impairment of Financial Assets**

IFRS 9 introduces a new impairment model for financial assets, which is the one of the expected credit losses.
A loss allowance or provision against the expected credit losses is recognized in the financial assets which are measured at the net amortized cost or at fair value through the other comprehensive income.
The economic entity should recognize a loss provision equal with the expected credit losses of the 12-month period. If the credit risk of a financial instrument significantly increases as compared to the initial recognition, then the economic entity recognizes a loss provision at an amount equal to the expected credit losses during the entire life of the financial instrument (lifetime expected credit losses).

The Group and the Company applies the simplified approach of IFRS 9 for the calculation of the expected credit losses regarding the trade receivables during their entire life. At each balance sheet date, the Group performs an impairment test of receivables by using a table for the calculation of expected credit losses (ECL). As result, the Group recognizes a percentage loss based on the ECL during the entire life of the trade receivables at each reporting period. This percentage is calculated on the basis of historic data, current market conditions as well as future estimates at the end of each reporting period taking into account the terms of the credit insurance of trade receivables as well as other insurances (pledges written on the ownership of debtors, personal guarantees and bank letters of guarantee).

**Termination of recognition of financial assets and liabilities**

The de-recognition model of IFRS 9 remains the same with the one of IAS 39. If the contractual rights of the economic entity on the cash flows of an asset cease to exist or the contractual obligations have been fully repaid, then the economic entity will de-recognize the financial instrument or the financial liability from the statement of financial position.

**Hedge Accounting**

The new hedge accounting model offered by IFRS 9 relates the hedge accounting (which continues to be optional as in the case of IAS 39) with the risk management activities undertaken by the companies during the hedging process of the financial and non-financial risks.
IFRS 9 offers more options regarding the hedging instruments as it includes the use of non-derivative financial assets or financial liabilities, which are being measured at fair value through results.
IFRS 9 allows for the hedging of a component item of a financial instrument if this item is distinctly recognizable and the changes in the cash flows or the fair value can be reliably measured and estimated.

With regard to the hedge effectiveness control, IFRS 9 introduces principle-based criteria without certain arithmetic limits. According to the new standard, a hedging relation should cover the entire requirements of effectiveness as per below:

- There is economic relation between the hedged item and the hedging instrument,
- The effect of the credit risk does not exceed the changes in the value arising from the above relation, and
- The hedging coefficient is determined according to the actual quantities of the hedged item and the hedging instrument.

The rebalancing of the hedging relation (adjustments made in predefined quantities of the hedged item or the hedging instrument within an existing hedging relation) according to IFRS 9 is being treated on an accounting basis as continuation of the hedging relation.

### 2.14 Inventories

Inventories are measured at the lower value between acquisition or production cost and their net liquidation value.

The cost is determined by the weighted average cost method and includes expenses for acquiring the inventories or expenses for their production and the expenses for transporting them to their storage location. Borrowing cost is not included in the acquisition cost of inventories.

The net liquidation value is estimated based on the current selling price of inventories in the context of normal activity, minus the given distribution cost, where applicable.

### 2.15 Trade receivable

The trade receivables are initially recognized at fair value and then are being valued at the net cost minus provisions from impairments, by utilizing the effective (real) interest rate method.
The Group initially recognizes the trade receivables when the part of financing incorporated in their transaction price is not significant.

The trade receivables include bills of exchange and notes receivables from the customers.

The Group and the Company applies the simplified approach of IFRS 9 for the calculation of the expected credit losses regarding the trade receivables during their entire life. At each balance sheet date, the Group performs an impairment test of receivables by using a table for the calculation of expected credit losses (ECL). As result, the Group recognizes a percentage loss based on the ECL during the entire life of the trade receivables at each reporting period. This percentage is calculated on the basis of historic data, current market conditions as well as future estimates at the end of each reporting period taking into account the terms of the credit insurance of trade receivables as well as other insurances (pledges written on the ownership of debtors, personal guarantees and bank letters of guarantee).

### 2.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand as well as sight and term deposits.

### 2.17 Share capital and reserves

Share capital includes common registered shares of the company and reserves from the issue of shares above par (share premium). Expenses that were made for the issue of shares are recorded following the deduction of the relevant income tax, minus the issue product, in the share premium. The costs realized on the issue of shares, appear after deducting the related income tax in reduction of the issue proceeds, in the share premium. Each profit or loss from the sale of treasury shares, net of any transaction related costs and income tax, if provided by such a case, is recorded as reserve in the equity.

### 2.18 Loans

Loans are initially recorded at fair value minus by any direct costs for the implementation of the transaction. They are subsequently measured at the net book cost, using the effective interest rate method. Loans for which the Company is entitled to defer repayment for more than 12 months are considered long term.

### 2.19 Income Tax – Deferred Income Tax

The burden of the financial year with income tax includes current taxes and deferred taxes, namely taxes or tax deductions related to the economic benefits arising in the current period but which have already been accounted for or will be accounted for by the tax authorities in different periods.

Deferred tax is calculated upon all the temporary differences of the balance sheet (the difference between the book value of each asset and its corresponding recognized tax value).

Concerning readjustment for non-depreciated fixed assets (sports fields, etc.) at their fair value, the deferred tax is calculated upon their liquidation (selling) value.

The cost of deferred taxes burdens the results of the financial year in which such are accounted. However, in the event that the temporary differences have been recorded in equity, the corresponding deferred tax is directly recorded in equity.

Deferred tax is not recorded for a tax liability that may be created solely pursuant to a decision made by the Company.

Deferred tax assets and liabilities are valued based on the expected tax rates to be applied during the fiscal period when the asset or liability will be settled, after considering the tax rates (and tax laws) in effect up to the Balance Sheet date. In case where the reversal time of the temporary differences cannot be determined, the tax rate to be applied is the tax rate in effect as of the date following the Balance Sheet date.

The recording of an asset for deferred income tax occurs only when there is certainty that the Company will achieve profits in the future, in order to offset the present asset with the future tax liability.

The loss during a financial year (or period) that is carried forward to the next financial year (or period) in order to offset the taxable profits of a following financial year (or period) contains a tax asset equal to the income tax that will be to the benefit of the Company in the next financial year (or period) in which the offsetting will occur. This asset is recorded when it is deemed certain that the Company will achieve profits in the future in order for it to be possible to offset the liability.

When there is a change in tax legislation, the tax liabilities and assets recorded in the books are adjusted accordingly. The adjustment differences are accounted for in the financial year results.

The tax rates in the countries where the Group activates are the following:

| Country | Tax Rates / Deferred Tax Rates |
|---|---|
| **Greece** | **28.00%** |
| **Romania** | **16.00%** |
| **Bulgaria** | **10.00%** |

The provisions of article 23 of Law 4579/2018 (Gov. Gaz. A' 201/03.12.2018) superseded the article 58 of the Income Tax Code (Law 4172/2014). According to the new provisions, the tax rate imposed on earnings from business activity concerning legal persons and legal entities is reduced by one percentage point per annum, beginning for the income generated in the tax year 2019. Specifically for the income of tax year 2018, the tax rate of 29%, already in effect, was applied, whereas for the income generated in tax year 2019, the new tax rate settles at twenty eight percent (28%), for the income of tax year 2020 at twenty seven percent (27%), for the income of tax year 2021 at twenty six percent (26%) and for the income of tax year 2022 and going forward the tax rate settles at twenty five percent (25%). Therefore after 3/12/2018 the tax rates of article 58 of Income Tax Code L. 4172/2013 as it is in effect are incrementally decreasing from 29% to 25% without any pre-condition. Regarding the tax rates which will be the basis for the calculation of the deferred taxes we note that in paragraph "Income taxes" of the IAS 12 the following are stated: "…The deferred tax assets and liabilities will be measured according to the tax rates expected to be applicable during the particular year when the respective tax asset or liability will be settled taking into account the tax rates (and the tax legislation) that has been established or materially established, until the balance sheet date…" Therefore the calculation of deferred taxes was based on the new tax rates as per above, meaning according their effect during the particular year when the respective tax asset or liability will be settled.

The chapter 5 of the present report presents the tax unaudited fiscal years of the Company and its Subsidiaries.

### 2.20 Employee benefits

(a) Short-Term Benefits:

Short-term employee benefits in cash and in goods are recorded as expenses when such become accrued.

(b) Post-employment benefits

According to the clauses of L. 2112/1920, as it was amended by the article 74, paragraph 2, Law 3863/2010 and complemented by Law 3899/17–12–10, article 17, paragraph 5a and Law 4093/2012, the Greek companies of the Group pay indemnities to the pensioners, whereas the respective amount of these indemnities depends on the years of prior service and the level of remuneration. The program is viewed as a defined benefit plan. Post-employment benefits include both defined contribution plans as well as defined benefit plans.

The accrued cost of the defined contribution plans is recorded as expense in the period it refers to.
The liabilities emerging from the defined benefit plans to employees are calculated in the discounted value of the future benefits granted to the personnel and have been defined as accrued at the balance sheet date. The commitment for the defined benefit is calculated annually from independent actuarial professional with the use of the projected unit credit method.

The actuarial gains and losses emerging from empirical adjustments and from changes in the actuarial assumptions, are recognized in the other comprehensive income of the period they refer to.
The prior service cost is directly recognized in the results.

(c) Benefits of service termination

The benefits of service termination are payable when the Group either terminates the employment of employees prior to retirement, or following a decision made by employees to accept the benefits offered from the Group in exchange for their employment termination. The Group recognizes the benefits for employment termination as liability and expense during the earliest of the following dates: a) when the economic entity is not able any longer to withdraw the offer of these benefits and b) when the economic entity recognizes the restructuring cost which relates to the field of IAS 37 and results into the payment of benefits for service termination. Benefits for service termination which are due for 12 months after the balance sheet date are discounted.

(d) State Pension Plans

The human resources of the Group's Greek companies are mainly covered by the primary State Pension Fund which concerns the private sector (IKA) and grants pension and healthcare benefits. Each employee is obliged to contribute part of the monthly salary into the state pension fund, whereas another part of the insurance contribution is covered by the employer. At the time of retirement, the pension fund is responsible for granting the pension benefits to the employees. As result, the Group has no legal or implied obligation for the payment of the future benefits based on this program. The accrued cost of the contributions is recorded as an expense in the corresponding period. This program is considered and is accounted for as a defined contribution plan.

## 2.21 Provisions

Conditions for recording provisions:

- Legal Commitment

Contract, Legislation, or other application of the Law.

- or Constructive Obligation

This is an obligation that arises from past Company practice, published practices or a specific public statement.

- Reliable estimate of the amount

- Arises from past events (present obligation)

- Possible outflow of economic resources is possible from the settlement of the obligation.

The conditions for registration of provisions must apply cumulatively. A provision shall only be registered where the obligation exists, regardless of future Company actions. Where the Company can avoid the expense, no obligation exists and no provision is registered. A Board decision does not suffice for the registration of a provision, since the Board may revoke its decision. A provision may also represent future expenses necessary for the acquisition of future economic benefits. In these cases, the amount of the provision is capitalized as an asset.

Provisions are reviewed at the end of each period and are adjusted in order to reflect the best possible estimates and, where necessary, are discounted at a pre-tax discount rate.

## 2.22 De-recognition of financial assets and liabilities

**Financial assets**

The financial assets (or depending on the case, the part of a financial asset or the part of a group of financial assets) are being de-recognized when:

- The rights for the cash inflows have expired,
- The Group and the Company have transferred the right for the cash inflows emanating from the particular asset or they have undertaken at the same time a liability towards third parties to fully repay and without significant delay in the form of a transfer contract, while at the same time (a) they have either transferred essentially all related risks and benefits or (b) they have not transferred essentially all the risks and benefits but they have transferred to control of the particular asset.

Whenever the Group or the Company has transferred the rights for the cash inflows from the particular asset but at the same time has not essentially transferred all risks and benefits or the control of the particular asset, then this asset is recognized to the degree of the Group's or Company's continuing participation in the particular asset. The continuing participation which has the form of a guarantee on the transferred asset is being valued at the lowest value between the initial balance of the asset and the maximum amount which the Group or Company may be called to pay.

**Financial liabilities**

The financial liabilities are being de-recognized when the liability is being suspended, cancelled or expired. In the case of an existing liability being replaced by another one from the same lender but in essence with different terms, or in the case of material changes in the terms of an existing liability, then the initial liability is being de-recognized and a new liability is recognized, whereas the difference that may arise in the balances is recognized in the results.

## 2.23 Recognition of income

Income includes the fair value of sales of goods and the provision of services, net of VAT, custom duties and discounts and refunds.

Inter-Company income within the Group is written-off entirely.

Income recognition is carried out as follows:

**(a) Income from sale of goods**

The Group recognizes an income when it fulfills a contract-based obligation to a customer each time with the delivery of the good or the provision of the service (which coincides with the time where the control of the good or service is being transferred to the customer). If a contract includes more than one contractual obligation, the total value of the contract is allocated into the separate obligations based on the separate values of sale. The amount of the income which is being recognized is the amount that has been allocated into the respective contractual obligation which has been fulfilled, on the basis of the price consideration which the Group expects to receive based on the terms of the contract. Any variable price consideration is included in the amount of the revenue that is being recognized, to the extent that the particular amount will not be probably offset in the future.
The rights for future discounts based on the sales volume, are assessed by the company, in order to be determined whether they comprise essential or material rights which the customer would not have obtained if the customer had not previously signed a particular contractual agreement. For all these rights the company assesses the probability of their exercise and later on, the part of income which corresponds to the particular right is recognized when the right is either exercised or expires.
According to requirements of the new standard, the Group concluded that the future discounts on the sales volume generate a right for which a relevant provision must be made and recognized at the time of its exercise or expiration. The Group provides its customers with discounts on the sales volume depending on the limits defined in contracts signed between the two parties. All these discounts are accounted for within the financial year and therefore the application of the new standard has zero effect on the separate and consolidated financial statements.

**(b) Income from provision of services**

Income from provision of services is recognized during the period when the service is rendered, during the period of the provision of service to the customer, always in relation with the completion rate of the service provided.

**(c) Interest income**

Interest income is recognized proportionally on time basis (accruals principle) and with the use of the effective tax rate. Whenever there is an impairment of receivables, the book value of these receivables is reduced to their recoverable amount which is the present value of the expected future cash flows discounted with the initial effective tax rate where the discount is allocated as interest income.

**(d) Income from dividends**

Dividends are recognized as income whenever the right of the shareholders to collect them is being finalized (meaning after the approval granted by the General Meeting).

## 2.24 Leases

The Group as Lessor possesses only operating leases, whereas as lessee has both operating and financial leases.

*The Group as Lessee*

***Financial Leases***

Leases where risks and benefits of ownership are transferred from the lessor to the lessee are classified as financial leases, regardless of whether the ownership is eventually transferred or not. In this case,

the fixed asset and liability are recorded at the lowest of the present value of minimum benefits guaranteed by the lessor or the fair value of the asset. Financial lease payments include the amount of principal and the financial expense. The financial expense should be allocated in the results so as to provide a fixed rate on the balance of the liability. The fixed assets that were acquired via a financial leasing agreement are depreciated at the shortest period between the economic life of the fixed assets and their leasing term.
A lease is classified as financial or operating one based on the essence of the transaction and not the type of contract.

If it arises from the lease agreement that all the benefits and risks derived from the ownership of the asset substantially remain with the lessor, then it is classified as an operating lease.

***Operating Leases***

Until the financial year 2018, the leasing of properties, facilities, installations, transportation means and equipment were classified either as financial leases or as operating leases. The payments that were made in the context of the operating leases (net of any potential benefits granted to the lessor) were charged against the results based on the straight line method for the entire duration or term of the leasing agreement.

Since 1st January 2019, the leases are being recognized as an asset item and also as a respective liability at the date during which the leased asset is available to be used by the Group. Each leasing payment is allocated between obligation and financing cost. The financing cost affects the results for the year along the entire duration of the leasing, so that a fixed periodical interest rate can be derived in relation to the balance of obligation at each period. The right-of-use asset is being depreciated during the lease period on a fixed basis or during the economic life of the asset in case the latter is shorter than the former. Fixed assets and liabilities that emerge from the leasing agreement are being initially valued according to their present value. The obligations related to lease payments include the present value of the following leases:
• the stable lease payments (including fixed ones), reduced by any receivable lease benefits
• the floating lease payments which are dependent on an index or an interest rate, which are initially measured via the use of the index or the interest rate at the starting date of the lease period
• the amounts which are expected to be paid by the group based on guaranteed residual values
• the exercise price of a call option if it is rather certain that the Group will exercise this particular right, and
• the payment of a penalty for the denouncement of the leasing agreement, if the duration of the lease depicts the Group’s exercise right for the above denouncement.
In the initial measurement of the obligation, there are also lease payments concerning extension rights where it is rather certain that these will be exercised.

The lease payments are fully discounted by using the interest rate that is embedded in the leasing agreement. If the particular interest rate cannot be defined directly, then the incremental borrowing rate is being used meaning the interest rate which the lessee would have been charged for, if the lessee would have to borrow the necessary funds for the purchase of an asset with similar value, for a similar time period, with similar guarantees and in a similar economic environment.

The cost relating to the right-of-use asset consists of the following: a) the amount of initial measurement of the liability emerging from the leasing, b) any lease payments that were paid at the starting date of the leasing period or earlier, minus any leasing benefits that have been collected, c) any initial direct expenditures which the lessee was charged for, and d) an estimate of the cost which the lessee would have been charged for, in order to dismantle and to remove the underlying asset, restore the space where it had been placed or to recover the condition of the underlying asset according to the terms and conditions of the lease contract, unless the particular cost implies creation of inventories. The lessee undertakes the obligation to be charged with the particular cost either at the starting date of the lease period or for a certain period of time depending on the use of the underlying asset.

The Group has used the exemptions of recognition according to the particular accounting standard in the short-term leases, meaning lease contracts with a term of less than 12 months, and also in the leases in which the underlying asset has an insignificant value. For the above leases, the Group recognizes the lease payments as an expense via the straight line method, for the entire duration of the lease contract. The asset items with insignificant or low value include IT equipment.

The extension and termination rights refer to the lease of property and equipment for the entire Group. These are utilized in order to maximize the business flexibility regarding the management of assets used in the operations of the Group. The majority of the extension and termination rights that are being exercised are applicable only by the Group and not by each lessor.

*The Group as lessor*

Regarding the accounting treatment from the lessor, IFRS incorporates essentially the requirements of IAS 17. Therefore, the lessor continues to classify the leasing agreements into operating and financial leases, and also to follow a different accounting treatment for each type of contract.

The receipts emanating from operating leases are recorded as income based on the straight line method along the duration of the lease. The respective leased fixed assets are included in the statement of financial position according to their nature.

### 2.25 Dividend distribution

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

### 2.26 Government Grants

Government grants are initially recognized in the Balance Sheet as deferred income, when the collection of the grant is fairly certain and the Group is expected to comply with all required conditions. Grants that concern the Group's expenses are recognized as other operating income on a regular base in periods when the respective expenses are recognized. Grants that concern the acquisition cost of the Group's assets are recognized as other operating income on a regular base according to the useful life of the corresponding assets.

### 2.27 Earnings per share

Basic earnings per share are calculated by dividing the net earnings after taxes with the weighted average number of shares during each financial year.

### 2.28 Long-term Receivables / Liabilities

Long term receivables and liabilities, which are without interest or bear an interest lower than the given market rates, appear at their net present value. The discount differences are presented as financial income / expenses in the Results of the given year in which they occur.

### 2.29 Related parties

Transactions and balances with related parties appear separately in the financial statements Such related parties basically concern the major shareholders and the management of a business and/or its subsidiary companies, companies with a joint ownership status and/or management with the business and the consolidated subsidiaries or subsidiaries of these companies.

### 2.30 Capital management

It is the Group's policy to maintain a strong capital base in order to retain investors' and creditors' confidence and so that its future development will be supported. Management monitors equity, which it considers aggregately, with the exception of minority interest, so that the debt equity ratio (except for Company deposits) will amount to less than between 2 and 2.5 to 1.
In accordance with Codified Law 4548/2018, regarding société anonymes (SAs), limitations are imposed in relation to equity, as follows:
The acquisition of treasury shares, with the exception of acquisition with the intent of distribution to employees, cannot exceed 10% of the paid share capital and cannot result in the decrease of equity to an amount less than the amount of the share capital augmented by (a) the reserves for which distribution is prohibited by Law or the Articles of Association, (b) the other credit items of the equity, which are not allowed to be distributed and (c) the amounts of the credit items in the statement of income which are not realized earnings.

In the event where the company's total equity amounts to less than ½ of share capital, the Board of Directors is obligated to convene a General Meeting, within a period of six months from the end of the financial year, which will decide on the dissolution of the Company or the adoption of another measure.

At least 1/20 of net earnings are deducted annually in order to form a statutory reserve, which is used exclusively to counterbalance, before any dividend distribution, any debit balance of the statement of income. The formation of this reserve is rendered optional when its amount reaches at least 1/3 of the share capital.

The payment of annual dividends to shareholders in cash, to an amount at least 35% of net earnings, after the deduction of the statutory reserve and the other credit items of the statement of income, which are not due to realized gains, is mandatory. Non dividend distribution is applicable if decided by a General Shareholders' Meeting with increased quorum and by a majority of at least 80% of the fully paid share capital represented in the meeting.

With the decision of the general meeting which is based on increased quorum and by majority, earnings which are distributable as a minimum dividend may be capitalized and allocated to all shareholders in the form of shares calculated at their nominal value.

## *3. Financial risk management*

**Risks & Uncertainties**

According to the Act of Legislative Content (Gov. Gaz. 65 A'/28-06-2015) the Greek banking system entered into a bank holiday whereas capital controls were imposed in the country concerning the free transfer of capital domestically as well as abroad. Specifically, special authorization processes concerning the payments toward suppliers abroad were imposed which in turn generated significant delays in the processing of transactions, whereas the financial results of the companies were affected by additional operating and administrative costs.
In the above context, ELASTRON Group, thanks to its long-term relations with major suppliers abroad and also due to the significant dispersion of its liquidity in Greece and abroad, managed to maintain a steady flow of raw material supplies and continued on uninterrupted manner its operations although under especially unfavorable market conditions. It should be noted however, that with the passage of time, the regulatory framework of capital controls has significantly improved and as result the measure does not materially affect the ordinary activities of the Company and the Group.

In the context of its ordinary business activities, the Group is exposed to the following financial risks within the scope of its basic activity:

1) Credit risk
2) Liquidity risk
3) Market risk

The risk management policy of the Group is focused on the volatility of financial markets with the objective of minimizing the factors that may negatively affect its financial performance.

The risk management policy is applied in order to recognize and analyze risks which the Group faces, to set limits on risks assumed and to apply controls to such limits. The systems and policies applied are periodically reviewed to incorporate changes observed in market conditions and the Group's activities.

The risk management is performed by the Company's Finance Department, in cooperation with the Group's other departments and according to the guidelines and approvals of the Company's Board of Directors.

Adherence to risk management policies and procedures is controlled by the Internal Audit Department, which performs ordinary and extraordinary audits on the application of procedures, the findings of which are disclosed to the Board of Directors.

**1) Credit risk**

Due to the great dispersion of its clientele (no client exceeds 10% of total sales), the Group does not have a significant concentration of credit risk. Based on the credit policy approved by the Group companies' Board of Directors, all new clients are examined on an individual basis in terms of their creditworthiness prior to the proposal of the standard payment terms. Credit limits are set for each client; these are reviewed depending on ongoing conditions and, if necessary, the sales and collection terms are adjusted. As a rule, customer credit limits are determined on the basis of the insurance limits set for them by the insurance companies. While monitoring credit risk of customers, such are grouped according to their credit profile, the maturity of their receivables and any prior collection problems that may have emerged. Customer receivables mainly include the Group's wholesale clients.

Clients characterized as "high risk" are placed in a special client list and future sales are to be pre-collected and approved by the Board of Directors. At the same time, the Group makes impairment provisions which reflect its estimation on losses related to clients and other receivables. This provision mainly consists of impairment loss of specific receivables which are estimated on the basis of given conditions that such will be collected, but have not yet been finalized.

The amount of the impairment loss is estimated as the difference between the book value of receivables and the present value of estimated future cash flows, discounted by the initial effective interest rate. The impairment loss amount is accounted for as an expense in the results. Receivables which are assessed as bad debts are written off.

The credit risk is limited to 20% of the total trade receivables, on the basis of the Group's insurance policies. The margin of this risk is limited even further as tangible or other guarantees (such as letters of guarantee) are requested wherever deemed necessary.

**2) Liquidity risk**

Liquidity risk is the risk that the Group might be unable to meet its financial liabilities when these become due. The approach adopted by the Group to manage liquidity is to secure the necessary cash and sufficient credit limits from the banks with which it cooperates, so that there is the appropriate liquidity for the fulfillment of the financial liabilities, under standard as well as unfavorable conditions without incurring unacceptable loss or risking its reputation. In order to minimize the liquidity risks, the finance division of the Group makes an annual provision for cash flows for the fiscal year when preparing its annual budget and a monthly rolling three-month provision so as to secure that it has sufficient cash to meet its operating needs, including its financial liabilities. This policy does not take into account the impact of extreme conditions, which cannot be foreseen. For this reason, the Management of the Group, by assessing the market conditions each time, maintains a certain amount of cash reserves for defensive purposes, in order to face any extreme or extraordinary situations.
It is noted that for the entire debt obligations of the Group no tangible asset has been placed as collateral in favor of the banks, an element which indicates the especially high creditworthiness of the Group.

**3) Market risk**

Market risk is the risk of change in prices of raw materials procured by the Group, the risk of change in the foreign exchange rates that the Group conducts transactions in and the risk of change in interest rates that the Group borrows at and which can affect the Group's results. The purpose of risk management against market conditions is to determine and control the Group's exposure to those risks, within the context of acceptable parameters while at the same time optimizing its performance.

- **Metal (iron, steel, etc.) Raw Material Price Volatility Risk**

The Group conducts its purchases mainly in the global steel market under normal market terms. Each change in the market price of raw materials is discounted for in the sales price, resulting in changes in the Group's profit margin during periods of big price fluctuations for raw materials in the world market. More specifically, in periods during which prices follow an upward trend, the Group's profit margins improve, as the upward trend is transferred to the sales prices. Accordingly, when raw material prices follow a declining trend, the Group's profit margins decrease.

The Group does not apply hedging to cover its basic operating reserve, which means that any increase/decrease of metal prices may affect its results accordingly through depreciation or appreciation of inventories.

- **Foreign exchange risk**

The Group is exposed to foreign exchange risk from the purchase of inventories it makes in $ (US Dollar), from the deposits denominated in $ (US Dollar) as well as from the joint venture BALKAN IRON GROUP SRL, based in Romania, whose operating currency unit is the RON.

The Group's borrowings are euro denominated in their entirety while there are no receivables denominated in foreign currency.

Foreign currency is purchased in advance in order for the Company to limit its foreign exchange risk emerging from inventory purchase. The total liabilities of the Group as of 30/06/2019 are covered by equivalent purchases in advance of foreign currency and as a result there is no foreign exchange risk associated with the fluctuations of the US Dollar.

An increase by 10% of the Euro versus the US$ and of the Euro versus the RON on 30 June would affect the equity and the results by negligible amounts for the Company.

- **Interest rate risk**

Interest rate risk arises mainly from long-term and short-term bank loans in € at the floating rate of Euribor.

The Group finances its investments, as well as its need for working capital, through equity, short-term bank loans, long-term loans and bond loans and as a result is burdened by interest expenses. Increasing trends in interest rates shall negatively affect results, which will be burdened by the additional borrowing cost.

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rates of loans (Euribor) would be 1% higher/lower on average during the first half of 2019:

| Amounts in € million | Loans 30.06.2019 | Effect on results before tax ( + / - ) |
|---|---|---|
| Group | 39.1 | 0.4 |
| Company | 38.3 | 0.4 |

This would occur due to the higher/lower financial cost of bank borrowing with a floating rate in euro.

A smaller effect results from interest income related to time deposits in euro.

The impact on the Results and Equity of the Group and Company would be as follows, if the interest rate on term deposits would be 1% higher/lower on average during the first half 2019:

| Amounts in € million | Sight and term deposits 30.06.2019 | Effect on results before tax ( + / - ) |
|---|---|---|
| Group | 9.2 | 0.09 |
| Company | 9.1 | 0.09 |

This would occur due to the higher/lower financial income from term deposits.

- **Risk of capital**

The purpose of the management in relation to capital management is to ensure the smooth and uninterrupted operation of activities with the objective of providing satisfactory returns to shareholders, and to maintain as much as possible an ideal capital structure, thus reducing the cost of capital. For this reason, the management, according to the prevailing conditions, may adjust its dividend policy, increase its share capital or sell assets in order to reduce debt.

| Company Data | 30.06.2019 | 30.06.2018 |
|---|---|---|
| Total debt | 38,270,000.01 | 45,468,450.00 |
| Minus: Cash and cash equivalents | 9,083,570.61 | 2,368,099.32 |
| **Net debt** | **29,186,429.40** | **43,100,350.68** |
| Total equity | 65,487,745.60 | 68,483,080.49 |
| EBITDA | 1,468,327.97 | 1,593,852.82 |
| **Equity / Net debt** | **2.24** | **1.59** |
| **Net debt / EBITDA** | **19.88** | **27.04** |

| Group Data | 30.06.2019 | 30.06.2018 |
|---|---|---|
| Total debt | 39,141,343.01 | 51,646,190.20 |
| Minus: Cash and cash equivalents | 9,170,795.21 | 2,952,318.05 |
| **Net debt** | **29,970,547.80** | **48,693,872.15** |
| Total equity | 65,021,800.80 | 67,084,615.83 |
| EBITDA | 1,796,668.55 | 2,196,922.82 |
| **Equity / Net debt** | **2.17** | **1.38** |
| **Net debt / EBITDA** | **16.68** | **22.16** |

## 4. *Fair value of financial assets*

There is no difference between the fair values and the respective book values of the financial items of assets and liabilities, namely the trade and other receivables, the cash equivalents, the suppliers and other liabilities, the derivatives financial products and the loans.

Fair value of a financial item is the amount which is received from the sale of a financial item or paid for the settlement of an obligation in a transaction under normal conditions between two trading parties at the date of its valuation. The fair value of the financial items on 30/06/2019 was based on the best possible estimate on behalf of the Company's Management.

The ranking levels of fair value are the following:

a) official stock exchange prices (without adjustment) in markets with significant trading volumes for similar assets or liabilities (Level 1)
b) inflows, other than stock exchange prices which are included in Level 1, which can be observed for the financial asset or the liability, either directly (for example prices) or indirectly (as derivative of prices) (Level 2), and
c) inflows for the financial asset or the liability which are not based on observable market data (non observable inflows) (Level 3).
The levels in the ranking scale of fair value, within which the measurement of fair value is fully classified, is defined by the inflow of the lowest level which is deemed as significant for the measurement of the entire fair value.

The methods and assumptions which were utilized for the estimation of the fair value are the following:

Cash and cash equivalents, trade and other receivables, suppliers and other liabilities: The accounting value is especially close to the fair value as the maturity of these financial items is in short-term and because there is no foreign exchange risk affecting the fair value.

Loans: The book value is the same with the fair value as these loans are in local currency and with the Euribor as floating interest rate.

# 5. Significant accounting estimations and judgments by management

The Group's management proceeds with estimates and assumptions regarding the progress of future events. Estimates and assumptions that entail significant risk of causing material adjustments to the book values of assets and liabilities within the coming 12 months are as follows:

**Tax unaudited fiscal years**
The Company and its subsidiaries have not been audited for tax purposes for the following years and therefore their tax obligations regarding the particular periods have not been finalized.

| COMPANY | DOMICILE | BUSINESS ACTIVITY | TAX UNAUDITED FISCAL YEARS |
|---|---|---|---|
| ELASTRON SA | Aspropyrgos, Greece | Commerce and processing of steel products | 2018 |
| NORTHERN GREECE METAL PRODUCTS S.A. | Thessaloniki, Greece | Commerce and processing of steel products | 2018 |
| BALKAN IRON GROUP S.R.L. | Bucharest, Romania | Commerce and processing of steel products | 2011-2018 |
| PHOTODEVELOPMENT S.A. | Aspropyrgos, Greece | Production of electric energy from Photovoltaic stations | 2013&2018 |
| PHOTODIODOS S.A. | Aspropyrgos, Greece | Production of electric energy from Photovoltaic stations | 2013&2018 |
| PHOTOENERGY S.A. | Aspropyrgos, Greece | Production of electric energy from Photovoltaic stations | 2013&2018 |
| ILIOSKOPIO SA | Aspropyrgos, Greece | Production of electric energy from Photovoltaic stations | 2013&2018 |
| PHOTOKYPSELI S.A. | Aspropyrgos, Greece | Production of electric energy from Photovoltaic stations | 2013&2018 |
| PHOTOISXYS LTD | Aspropyrgos, Greece | Production of electric energy from Photovoltaic stations | 2013&2018 |
| THRACE GREENHOUSES S.A. | Xanthi, Greece | Production of agricultural products from glasshouse cultivations | 2018 |
| KALPINIS SIMOS BULGARIA EOOD | Sofia, Bulgaria | Commerce and processing of steel products | 2008-2018 |

In application of the relevant tax provisions : a) paragraph 1 of article 84 of Law 2238/1994 (unaudited cases concerning income tax), b) paragraph 1 of article 57 of Law 2859/2000 (unaudited cases related to VAT) and c) paragraph 5 of article 9 of Law 2523/1997 (penalties imposed for income tax cases), the right of the Greek State to impose any tax with regard to the fiscal years up to 2012 including, has been waived until 31/12/2018, with the exception of special or extraordinary provisions which may provide for a longer waiving period and under the respective conditions which these provisions stipulate.
Apart from these, based on the jurisprudence of the Council of State and the administrative courts, and in absence of a provision in the Code of Laws regarding Stamp Duties for the waiving of such case, the relevant claim made by the Greek State for imposing stamp duties is subject to a 20-year waiver according to the article 249 of the Civil Code.

The Company has not been audited for tax purposes for the fiscal year 2010. Up until 30/06/2019, the Company had not received any invitation concerning a tax audit from the pertinent tax authorities of Greece for the year 2010. As a result, the right of Greek State to submit audit sheets and tax determination acts, levies and penalties with the objective to impose a certain tax, has been elapsed for the years up to 2010 inclusive, in accordance with above mentioned provisions of law.

The Company has been notified of an audit invitation concerning a repeated tax audit for year 2012. It is noted that for the particular year, the Company has been tax audited in the context of the process of the issuance of the Annual Tax Certificate as it is provided by the paragraph 5 of article 82 of Law 2238/1994 and a respective Tax Compliance Report "without reservation" has been issued from the audit firm SOL SA.

For years 2012 up until 2017, ELASTRON SA, METAL-PRO SA and THRACE GREENHOUSES SA have been subject to the tax audit of the Certified Auditors according to the provisions of paragraph 5, article 82 of Law 2238/1994 (fiscal years 2012 and 2013) and the provisions of article 65A of Law 4174/2013 (fiscal years 2014 until 2017) as they are in effect, whereas the relevant Tax Compliance Reports were issued. Since 2014, the photovoltaic companies of the Group have been subject to the tax audit of the Certified Auditors as provided by the provisions of article 65A of Law 4174/2013 as it was amended by the article 56 of Law 4410/2016. For the companies and the fiscal years which were not subject to the tax audit of the Certified Auditors and remain tax-unaudited up until today, by the pertinent tax authorities, we estimate that any additional taxes that may emerge will not have any material impact on the financial statements. Therefore we view that there is no reason to proceed with any additional provision.

For year 2018,

For the fiscal year 2018, ELASTRON SA, METAL-PRO SA, THRACE GREENHOUSES SA and the photovoltaic companies of the Group have been subject to the tax audit by the Certified Auditors as stipulated by the provisions of article 65a, L. 4174/2013. The tax audit for the fiscal year 2018 was performed from SOL SA and its completion is expected in the following period (the "Tax Compliance Report" will be issued within October 2019) without any major adjustments or deviations concerning the tax expense and the corresponding tax provision that have been already recorded in the financial statements.

## 6. *Analysis of tangible fixed assets*

The **Group's** fixed assets are analyzed as follows:

| MOVEMENT OF FIXED ASSETS | Land-plots & buildings | Vehicles & Mechanical Equipment | Furniture & other equipment | Assets under construction | Intangible assets | Investment property & fixed assets for sale | Right-of-use assets | Total |
|---|---|---|---|---|---|---|---|---|
| Book value | 42,923,669.65 | 48,236,682.39 | 1,496,213.22 | 1,079,812.21 | 615,989.72 | 4,842,627.67 | 0.00 | 99,194,994.86 |
| Accumulated depreciation and impairment | -11,081,872.96 | -20,979,987.60 | -1,250,709.87 | 0.00 | -537,826.75 | -1,764,136.69 | 0.00 | -35,614,533.87 |
| **Net book value 31.12.18** | **31,841,796.69** | **27,256,694.79** | **245,503.35** | **1,079,812.21** | **78,162.97** | **3,078,490.98** | **0.00** | **63,580,460.99** |
| Book value | 42,987,231.65 | 49,373,839.64 | 1,498,513.10 | 615,323.89 | 615,989.72 | 4,842,627.67 | 1,043,037.06 | 100,976,562.73 |
| Accumulated depreciation and impairment | -11,541,228.18 | -21,916,309.22 | -1,288,087.77 | 0.00 | -546,493.41 | -1,793,566.36 | -505,650.26 | -37,591,335.20 |
| **Net book value 30.06.19** | **31,446,003.47** | **27,457,530.42** | **210,425.33** | **615,323.89** | **69,496.31** | **3,049,061.31** | **537,386.80** | **63,385,227.53** |

| MOVEMENT OF FIXED ASSETS | Land-plots & buildings | Vehicles & Mechanical Equipment | Furniture & other equipment | Assets under construction | Intangible assets | Investment property & fixed assets for sale | Right-of-use assets | Total |
|---|---|---|---|---|---|---|---|---|
| **Book value 1.1.2018** | **31,288,622.29** | **27,927,552.48** | **285,260.47** | **1,208,623.97** | **95,496.02** | **3,183,622.15** | **0.00** | **63,989,177.38** |
| Additions | 1,410,792.10 | 4,631,383.67 | 46,604.29 | -128,811.76 | 0.00 | 0.00 | 0.00 | 5,959,968.30 |
| Depreciations | -857,617.70 | -1,920,733.09 | -85,276.22 | 0.00 | -17,333.05 | -105,131.17 | 0.00 | -2,986,091.23 |
| Sales - write-offs | 0.00 | -5,517,026.55 | -66,692.95 | 0.00 | 0.00 | 0.00 | 0.00 | -5,583,719.50 |
| Depreciation of assets sold/written -off | 0.00 | 2,135,518.28 | 65,607.76 | 0.00 | 0.00 | 0.00 | 0.00 | 2,201,126.04 |
| **Net book value 31.12.18** | **31,841,796.69** | **27,256,694.79** | **245,503.35** | **1,079,812.21** | **78,162.97** | **3,078,490.98** | **0.00** | **63,580,460.99** |
| IFRS 16 - 1.1.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 551,983.58 | 551,983.58 |
| Additions | 63,562.00 | 1,170,258.56 | 808.61 | -464,488.32 | 0.00 | 0.00 | 54,554.58 | 824,695.43 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Depreciations | -459,355.22 | -952,334.34 | -35,886.63 | 0.00 | -8,666.66 | -29,429.67 | -69,151.36 | -1,554,823.88 |
| Sales - write-offs | 0.00 | -33,074.74 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -33,074.74 |
| Depreciation of assets sold/written -off | 0.00 | 15,986.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,986.15 |
| **Net book value 30.06.2019** | **31,446,003.47** | **27,457,530.42** | **210,425.33** | **615,323.89** | **69,496.31** | **3,049,061.31** | **537,386.80** | **63,385,227.53** |

The **Company's** fixed assets are analyzed as follows:

| MOVEMENT OF FIXED ASSETS | Land-plots & buildings | Vehicles & Mechanical Equipment | Furniture & other equipment | Assets under construction | Intangible assets | Investment property & fixed assets for sale | Right-of-use assets | Total |
|---|---|---|---|---|---|---|---|---|
| Book value | 30,049,080.92 | 40,768,323.94 | 1,271,248.07 | 1,079,812.21 | 484,749.56 | 4,842,627.67 | 0.00 | 78,495,842.37 |
| Accumulated depreciation and impairment | -7,954,679.62 | -18,440,116.35 | -1,026,626.99 | 0.00 | -406,586.72 | -1,764,136.69 | 0.00 | -29,592,146.37 |
| **Net book value 31.12.18** | **22,094,401.30** | **22,328,207.59** | **244,621.08** | **1,079,812.21** | **78,162.84** | **3,078,490.98** | **0.00** | **48,903,696.00** |
| Book value | 30,112,642.92 | 41,905,481.19 | 1,272,083.16 | 615,323.89 | 484,749.56 | 4,842,627.67 | 557,982.77 | 79,790,891.16 |
| Accumulated depreciation and impairment | -8,270,373.68 | -19,192,850.47 | -1,060,372.93 | 0.00 | -415,253.25 | -1,793,566.36 | -336,385.71 | -31,068,802.40 |
| **Net book value 30.06.19** | **21,842,269.24** | **22,712,630.72** | **211,710.23** | **615,323.89** | **69,496.31** | **3,049,061.31** | **221,597.06** | **48,722,088.76** |

| MOVEMENT OF FIXED ASSETS | Land-plots & buildings | Vehicles & Mechanical Equipment | Furniture & other equipment | Assets under construction | Intangible assets | Investment property & fixed assets for sale | Right-of-use assets | Total |
|---|---|---|---|---|---|---|---|---|
| **Book value 1.1.2018** | **21,253,904.56** | **19,206,489.83** | **280,529.18** | **1,208,623.97** | **95,495.89** | **3,183,622.15** | **0.00** | **45,228,665.58** |
| Absorption of related company 30.06.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | **0.00** |
| Additions | 1,410,792.10 | 4,627,243.17 | 44,221.29 | -128,811.76 | 0.00 | 0.00 | 0.00 | **5,953,444.80** |
| Depreciations | -570,295.36 | -1,429,268.08 | -80,129.34 | 0.00 | -17,333.05 | -105,131.17 | 0.00 | **-2,202,157.00** |
| Sales - write-offs | 0.00 | -199,537.76 | -34,778.54 | 0.00 | 0.00 | 0.00 | 0.00 | **-234,316.30** |
| Depreciation of assets sold/written -off | 0.00 | 123,280.43 | 34,778.49 | 0.00 | 0.00 | 0.00 | 0.00 | **158,058.92** |
| **Net book value 31.12.2018** | **22,094,401.30** | **22,328,207.59** | **244,621.08** | **1,079,812.21** | **78,162.84** | **3,078,490.98** | **0.00** | **48,903,696.00** |
| IFRS 16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 224,190.81 | **224,190.81** |
| Additions | 63,562.00 | 1,170,231.99 | 835.09 | -464,488.32 | 0.00 | 0.00 | 54,554.58 | **824,695.34** |
| Depreciations | -315,694.06 | -768,720.27 | -33,745.94 | 0.00 | -8,666.53 | -29,429.67 | -57,148.33 | **-1,213,404.80** |
| Sales - write-offs | 0.00 | -33,074.74 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | **-33,074.74** |
| Depreciation of assets | 0.00 | 15,986.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | **15,986.15** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| sold/written -off | | | | | | | | |
| **Net book value 30.06.2019** | **21,842,269.24** | **22,712,630.72** | **211,710.23** | **615,323.89** | **69,496.31** | **3,049,061.31** | **221,597.06** | **48,722,088.76** |

There are no liens, collateral or other commitments on fixed assets of the Company and the Group's companies. Intangible assets mainly include acquired software and licenses for use of software.

## 7. Investment property

| | COMPANY & GROUP | |
|---|---|---|
| | 30,06,2019 | 31,12,2018 |
| Property at 1 Palaska Str, Skaramagkas | 4,813,153.99 | 4,813,153.99 |
| Apartment at Filippiados Str. | 29,473.68 | 29,473.68 |
| **Total Value** | **4,842,627.67** | **4,842,627.67** |
| Amortized | -1,793,566.36 | -1,764,136.69 |
| **Net book value** | **3,049,061.31** | **3,078,490.98** |

## 8. Analysis of receivables

The Group's and Company's trade receivables are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Customers | 18,267,898.35 | 17,494,656.64 | 17,936,449.14 | 17,348,582.56 |
| Notes | 2,933.11 | 2,933.11 | 0.00 | 0.00 |
| Post-dated cheques | 3,370,461.43 | 3,434,206.60 | 3,361,465.93 | 3,425,211.10 |
| Provisions for bad debt | (3,267,984.26) | (3,218,980.72) | (3,093,631.62) | (3,046,630.50) |
| **Total trade receivables** | **18,373,308.63** | **17,712,815.63** | **18,204,283.45** | **17,727,163.16** |

The Group and the Company applies the simplified approach of IFRS 9 for the calculation of the expected credit losses regarding the trade receivables during their entire life. At each balance sheet date, the Group performs an impairment test of receivables by using a table for the calculation of expected credit losses (ECL). As result, the Group recognizes a percentage loss based on the ECL during the entire life of the trade receivables at each reporting period. This percentage is calculated on the basis of historic data, current market conditions as well as future estimates at the end of each reporting period taking into account the terms of the credit insurance of trade receivables as well as other insurances (pledges written on the ownership of debtors, personal guarantees and bank letters of guarantee).

For the measurement of the expected credit losses, the customers have been classified on the basis of the credit features and their maturity (days of delay) at the reporting date. Prior to the acceptance of an external customer, the Group utilizes external credit related information in order to assess the credibility and creditworthiness of the new customer and therefore to determine its credit limit. The credit limits are reviewed whenever it is deemed appropriate and if needed they are revised on a periodical basis.

The following tables depict the credit risk profile of the customers based on the relevant provisions table of the Group and the Company. Given the fact that the Group's experience in credit losses indicates that the credibility of its customers does not differentiate due to each customer's business activity, the provision for the expected credit losses is based on the maturity of receivables and is not classified by any additional level.

ELASTRON
STEEL SERVICE CENTERS

GROUP

| Balance of trade receivables – Balances' time delay | | | | | |
|---|---|---|---|---|---|
| 30.6.2019 | No time delay | 1 – 90 days | 91 – 180 days | >181 days | Total |
| Trade receivables | 16,670,678.24 | 1,013,235.76 | 97,128.24 | 3,860,250.65 | 21,641,292.89 |
| Expected % of credit loss | 0.06% | 2.44% | 28.95% | 83.01% | 15.10% |
| Expected credit loss | 10,688.87 | 24,674.77 | 28,121.20 | 3,204,499.42 | 3,267,984.26 |
| **Net balance** | **16,659,989.37** | **988,560.99** | **69,007.04** | **655,751.23** | **18,373,308.63** |

| Balance of trade receivables – Balances' time delay | | | | | |
|---|---|---|---|---|---|
| 31.12.2018 | No time delay | 1 – 90 days | 91 – 180 days | >181 days | Total |
| Trade receivables | 15,994,199.35 | 1,082,894.73 | 110,493.59 | 3,744,208.72 | 20,931,796.35 |
| Expected % of credit loss | 0.22% | 3.77% | 12.41% | 83.59% | 15.38% |
| Expected credit loss | 34,789.33 | 40,798.18 | 13,712.80 | 3,129,680.41 | 3,218,980.72 |
| **Net balance** | **15,959,409.97** | **1,042,096.55** | **96,780.79** | **614,528.31** | **17,712,815.63** |

COMPANY

| Balance of trade receivables – Balances' time delay | | | | | |
|---|---|---|---|---|---|
| 30.6.2019 | No time delay | 1 – 90 days | 91 – 180 days | >181 days | Total |
| Trade receivables | 16,303,623.08 | 1,013,235.76 | 97,128.24 | 3,883,927.99 | 21,297,915.07 |
| Expected % of credit loss | 0.05% | 2.44% | 28.95% | 78.09% | 14.53% |
| Expected credit loss | 7,838.50 | 24,674.77 | 28,121.21 | 3,032,997.14 | 3,093,631.62 |
| **Net balance** | **16,295,784.58** | **988,560.99** | **69,007.03** | **850,930.85** | **18,204,283.45** |

| Balance of trade receivables – Balances' time delay | | | | | |
|---|---|---|---|---|---|
| 31.12.2018 | No time delay | 1 – 90 days | 91 – 180 days | >181 days | Total |
| Trade receivables | 15,757,957.19 | 1,082,894.73 | 110,493.59 | 3,822,448.15 | 20,773,793.66 |
| Expected % of credit loss | 0.21% | 3.77% | 12.41% | 77.41% | 14.67% |
| Expected credit loss | 33,166.61 | 40,798.18 | 13,712.80 | 2,958,952.91 | 3,046,630.50 |
| **Net balance** | **15,724,790.58** | **1,042,096.55** | **96,780.79** | **863,495.24** | **17,727,163.16** |

The movement of the provision for doubtful trade receivables is analyzed in the following table:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Opening balance | 3,218,980.72 | 3,277,051.02 | 3,046,630.50 | 3,116,068.95 |
| Additional provision (results) | 49,003.54 | 30,609.74 | 47,001.12 | 19,598.60 |
| Utilization of provision | 0.00 | -88,680.04 | 0.00 | -89,037.05 |

| | | | | |
|---|---|---|---|---|
| **Total** | **3,267,984.26** | **3,218,980.72** | **3,093,631.62** | **3,046,630.50** |

The amortized receivables are monitored in transitory accounts and the probability for collection is reviewed.

The Group's and Company's other receivables are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Receivables from employees | 48,290.35 | 37,688.76 | 48,214.95 | 37,563.76 |
| Receivables from other partners - third parties | 399,159.09 | 213,681.49 | 338,259.26 | 212,832.50 |
| Greek State– income tax receivable | 52,135.61 | 40,050.57 | 52,093.98 | 40,008.94 |
| Greek State – receivable of other taxes | 108,884.24 | 3,429,341.82 | 108,884.24 | 3,429,341.82 |
| Receivables from related companies | 0.00 | 0.00 | 0.00 | 0.00 |
| Grants receivable | 366,312.21 | 366,312.21 | 366,312.21 | 366,312.21 |
| Provision for doubtful receivables | (120,214.66) | (115,901.37) | (109,358.38) | (109,358.38) |
| **Total** | **854,566.84** | **3,971,173.48** | **804,406.26** | **3,976,700.85** |

The movement of the provision for doubtful receivables is analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Initial balance | 115,901.37 | 122,900.00 | 109,358.38 | 116,000.00 |
| Transfer of impairment | 0.00 | (6,641.62) | 0.00 | (6,641.62) |
| Transfer in long term & trade receivables | 0.00 | (357.01) | 0.00 | 0.00 |
| Additional provision | 4,313.29 | 0.00 | 0.00 | 0.00 |
| **Total** | **120,214.66** | **115,901.37** | **109,358.38** | **109,358.38** |

The long-term receivables of the Group and Company are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Given guarantees | 60,523.30 | 52,436.58 | 41,319.92 | 38,516.58 |
| Receivables from associates | 134,557.65 | 487,076.55 | 2,363,112.45 | 6,917,874.05 |
| Provisions for impairment | (411.23) | (411.23) | (6,641.62) | (6,641.62) |
| **Total** | **194,669.72** | **539,101.90** | **2,397,790.75** | **6,949,749.01** |

The given guarantees presented in long-term receivables concern guarantees and receivables that will be received in a period over twelve (12) months from the end of the reporting period. The fair value of such receivables does not differ substantially from that presented in the financial statements and is subject to a review annually. The given guarantees that will be received in the next year, are presented in other short-term receivables.

## 9. Analysis of inventories

The Group's and Company's inventories are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Merchandise | 15,092,268.60 | 24,275,089.60 | 15,092,268.60 | 24,275,089.60 |
| Impairment of merchandise | 0.00 | 0.00 | 0.00 | 0.00 |
| Products | 5,023,887.33 | 5,327,127.68 | 5,023,887.33 | 5,327,127.68 |
| Orders | 2,466,954.88 | 1,890,746.71 | 2,466,954.88 | 1,890,746.71 |
| Raw materials – consumables | 917,188.18 | 856,744.41 | 917,188.18 | 852,932.79 |
| **Total** | **23,500,298.99** | **32,349,708.40** | **23,500,298.99** | **32,345,896.78** |

The risk due to loss of inventory from natural disasters, theft etc., is extremely low due to the nature of inventories. There is however risk of impairment due to the volatility of prices globally. The Management of the Group continuously reviews the net liquidation value of inventories and makes the appropriate provisions in order to ensure that the value of inventory in the financial statements coincides with the real value.

## 10. Securities

The securities consist of portfolio of shares of companies listed and traded on the Athens Exchange and have been purchased with the objective to realize capital gains from the short-term price fluctuations of their prices. According to the principles of IFRS 9, the particular securities are recorded in the financial statements at fair value via the results (Level 1).

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Value of securities | 26,460.00 | 27,300.00 | 26,460.00 | 27,300.00 |
| Revaluation difference in the results | 3,640.00 | (840.00) | 3,640.00 | (840.00) |
| **Balance** | **30,100.00** | **26,460.00** | **30,100.00** | **26,460.00** |

## 11. Derivatives

Derivatives concern forward foreign exchange contracts.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Forward foreign exchange contracts Current assets / (short-term liabilities) | 63.79 | (299.63) | 63.79 | (299.63) |
| Amounts registered in the results | 0.00 | (4,168.32) | 0.00 | (4,168.32) |

## 12. Analysis of cash reserves

The Group's and Company's cash & cash equivalents are analyzed as follows:

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| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Cash in hand | 9,176.68 | 12,509.74 | 794.70 | 4,427.76 |
| Sight & term deposits | 9,161,618.53 | 3,758,155.28 | 9,082,775.91 | 3,517,956.14 |
| **Total** | **9,170,795.21** | **3,770,665.02** | **9,083,570.61** | **3,522,383.90** |

Term (or time) deposits refer to short-term placements, usually 3-month and monthly, at the banks which the Company and the Group co-operate with.

## *13. Analysis of all equity accounts*

The Group's and Company's equity is analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| **Share Capital** | **18,410,839.00** | **18,410,839.00** | **18,410,839.00** | **18,410,839.00** |
| | | | | |
| **Share premium** | **11,171,177.70** | **11,171,177.70** | **11,171,177.70** | **11,171,177.70** |
| | | | | |
| Statutory reserve | 3,549,983.05 | 3,549,983.05 | 3,535,074.04 | 3,535,074.04 |
| Extraordinary reserves | 866,308.15 | 866,308.15 | 866,308.15 | 866,308.15 |
| Tax-exempt reserves subject to special legal provisions | 12,086,025.87 | 12,086,025.87 | 12,086,025.87 | 12,086,025.87 |
| Hedging reserves | 63.79 | -299.63 | 63.79 | -299.63 |
| Reserves of tax-exempt income | 404,315.87 | 404,315.87 | 404,315.87 | 404,315.87 |
| Special reserves | 4,404,091.85 | 4,404,091.85 | 4,404,091.85 | 4,404,091.85 |
| **Total Reserves** | **21,310,788.58** | **21,310,425.16** | **21,295,879.57** | **21,295,516.15** |
| | | | | |
| **Treasury shares** | **0.00** | **0.00** | **0.00** | **0.00** |
| | | | | |
| Retained earnings | 15,451,190.14 | 16,724,436.57 | 15,601,670.22 | 18,366,725.69 |
| Transfer in the reserves | | 0.00 | | 0.00 |
| Results for the period | -1,253,410.50 | -1,132,006.25 | -984,928.06 | -2,621,786.33 |
| Hedging reserve | -363.34 | 299.63 | -363.42 | 299.63 |
| Effect from IFRS 9, 16 | -68,420.78 | -141,539.81 | -6,529.41 | -143,568.77 |
| **Accumulated Earnings** | **14,128,995.52** | **15,451,190.14** | **14,609,849.33** | **15,601,670.22** |
| | | | | |
| **Total equity without minority interest** | **65,021,800.80** | **66,343,632.00** | **65,487,745.60** | **66,479,203.07** |
| Minority interest | 26,969.18 | 31,891.44 | 0.00 | 0.00 |
| **Total Equity** | **65,048,769.98** | **66,375,523.44** | **65,487,745.60** | **66,479,203.07** |

The Ordinary General Meeting of 12/06/2014 decided the purchase of up to 1,651,800 treasury shares of the Company which represent 8.96% of the current paid in share capital. The range of the price per share was set from twenty (20) cents up to one Euro and fifty cents (1.50) and was approved to be implemented in a time period of twenty four (24) months, beginning from the day following the approval by the General Meeting.

According to the above decision, the Company proceeded until 09/06/2016, date of the Ordinary General Meeting of the Shareholders, with the purchase of 13,484 treasury shares of total value

7,156.37 Euros (average price without expenses and transactions' commissions at € 0.5307 per share), which were then cancelled according to the clauses of article 16 of PL 2190/1920. As result the Company's share capital was reduced by the amount of thirteen thousand four hundred and eighty four Euros (€ 13,484) via the corresponding amendment of the article 5 of the Articles of Association. Following the above, the Company's share capital amounts to € 18,421,516 divided by 18,421,516 shares with nominal value of € 1.0 per share.

At the same time with the decision of the same Ordinary General Meeting on 09/06/2016 it was decided the purchase of up to 1,830,016 shares of the Company which represent 9.94% of the current share capital. The purchase price range was approved between twenty (20) cents and one Euro and fifty cents (1.50) per share. According to the above decision, the Company proceeded up until 21/06/2018, which was the date of the Ordinary General Meeting, into the purchase of 10,677 treasure shares with the total acquisition value of 7,027.96 Euros (average price without expenses and transaction commissions at € 0.6582 / share).

| | Shares | Value |
|---|---|---|
| Year 2012 | 184,350 | 107,441.43 |
| Year 2013 | 27,130 | 17,758.82 |
| Year 2014 (until GM) | 1,520 | 1,277.36 |
| Year 2014 (after GM) | 6,070 | 3,624.10 |
| Year 2015 | 6,115 | 3,182.75 |
| Year 2016 | 11,976 | 7,569.25 |
| Year 2017 | 0 | 0.00 |
| Year 2018 | 10,677 | 7,062.48 |
| **Total** | **247,838** | **147,916.19** |
| Cancellation of treasury shares via share capital decrease | -247,838 | 147,916.19 |
| **Balance on 30.06.2019** | **0** | **0.00** |

The Company according to the Greek tax law, proceeded into the creation of tax exempt reserves in the past, with the objective to achieve tax reliefs.

The Company has not recognized any provision for potential income tax obligation in case of future distribution of such reserves to the shareholders, since such obligation is recognized at the same time with the dividend obligation corresponding to such distributions.

The accumulated earnings of the Group and the Company have increased by amounts of grants, € 4,056,412.36 and € 2,173,612.71 respectively, which according to the provisions of L. 3299/2004 & L. 3908/2011 are not being distributed.

The purpose of the Company's and Group's management in relation to capital management is to ensure the smooth operation of activities with the objective of providing satisfactory returns to shareholders, and to maintain as much as possible an ideal capital structure, thus reducing the cost of capital. For this reason, the management, according to the prevailing conditions, may adjust its dividend policy, increase its capital by cash or sell assets in order to reduce debt.

The monitoring of the above is performed on the basis of the ratio "Net bank debt to operating earnings (EBITDA)".

| Company Data | 30.06. 2019 | 30.06.2018 |
|---|---|---|
| Total debt | 38,270,000.01 | 45,468,450.00 |
| Minus: Cash and cash equivalents | 9,083,570.61 | 2,368,099.32 |
| **Net debt** | **29,186,429.40** | **43,100,350.68** |
| Total equity | 65,487,745.60 | 68,483,080.49 |
| EBITDA | 1,468,327.97 | 1,593,852.82 |

| | | |
|---|---|---|
| **Equity / Net debt** | **2.24** | **1.59** |
| **Net debt / EBITDA** | **19.88** | **27.04** |

| Group Data | 30.06. 2019 | 30.06.2018 |
|---|---|---|
| Total debt | 39,141,343.01 | 51,646,190.20 |
| Minus: Cash and cash equivalents | 9,170,795.21 | 2,952,318.05 |
| **Net debt** | **29,970,547.80** | **48,693,872.15** |
| Total equity | 65,021,800.80 | 67,084,615.83 |
| EBITDA | 1,796,668.55 | 2,196,922.82 |
| **Equity / Net debt** | **2.17** | **1.38** |
| **Net debt / EBITDA** | **16.68** | **22.16** |

## *14. Analysis of suppliers and other liabilities*

The Group's and Company's other liabilities are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Insurance accounts & other taxes | 364,317.99 | 542,076.22 | 342,879.10 | 486,286.19 |
| Customer prepayments | 458,595.97 | 617,958.74 | 445,126.82 | 604,489.59 |
| Other liabilities / provisions | 331,133.91 | 143,448.03 | 214,301.60 | 4,800.44 |
| **Total other liabilities** | **1,154,047.87** | **1,303,482.99** | **1,002,307.52** | **1,095,576.22** |
| **Suppliers** | **4,605,954.99** | **5,668,828.37** | **4,569,756.03** | **5,618,995.82** |

All the above liabilities are of short-term nature and there is no need to discount such to present value during the balance sheet date.

## *15. Analysis of loans*

The Group's and Company's loan liabilities are analyzed as follows:

**Long-term loans**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30,06,2019 | 31,12,2018 | 30,06,2019 | 31,12,2018 |
| Bond loans | 30,349,000.00 | 28,210,000.00 | 30,349,000.00 | 28,210,000.00 |

**Short-term loans**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Bank loans | 3,863,311.01 | 6,191,913.10 | 3,020,000.01 | 5,106,000.01 |
| Short-term part of bond loans | 4,929,032.00 | 8,640,000.00 | 4,901,000.00 | 8,640,000.00 |
| **Total** | **8,792,343.01** | **14,831,913.10** | **7,921,000.01** | **13,746,000.01** |

| | | | | |
|---|---|---|---|---|
| TOTAL LOANS | **39,141,343.01** | **43,041,913.10** | **38,270,000.01** | **41,956,000.01** |

| | GROUP | | |
|---|---|---|---|
| | < 1 year | From 1 to 5 years | > 5 years |
| Bank loans 30.06.19 | 8,792,343.01 | 30,349,000.00 | 0.00 |

| | GROUP | | |
|---|---|---|---|
| | < 1 year | From 1 to 5 years | > 5 years |
| Bank loans 31.12.18 | 14,831,913.10 | 28,210,000.00 | 0.00 |
| | COMPANY | | |
| | < 1 year | From 1 to 5 years | > 5 years |
| Bank loans 30.06.19 | 30,349,000.00 | 7,921,000.01 | 0.00 |

| | COMPANY | | |
|---|---|---|---|
| | < 1 year | From 1 to 5 years | > 5 years |
| Bank loans 31.12.18 | 13,746,000.01 | 28,210,000.00 | 0.00 |

The changes in the Company's and Group's loans are analyzed in the following table:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| **Loans outstanding at beginning of the period** | **43,041,913.10** | **45,255,386.57** | **41,956,000.01** | **37,133,158.05** |
| Loans received | 28,411,000.00 | 70,320,000.00 | 28,411,000.00 | 70,320,000.00 |
| Interest for the period | 697,909.40 | 2,402,062.99 | 671,089.48 | 2,101,255.38 |
| **Total** | **72,150,822.50** | **117,977,449.56** | **71,038,089.49** | **109,554,413.43** |
| Loans repaid | (32,251,946.00) | (72,490,377.06) | (32,011,000.00) | (65,540,249.99) |
| Interest paid | (757,533.49) | (2,445,159.40) | (757,089.48) | (2,058,163.43) |
| **Balance of Loans** | **39,141,343.01** | **43,041,913.10** | **38,270,000.01** | **41,956,000.01** |

## *16. Analysis of deferred taxes*

Deferred tax assets and liabilities are calculated at the level of each individual Company of the Group. If both assets and liabilities arise, such are offset against one another at the individual Company level.

Deferred taxes are as follows:

a) For the Group

| | 01.01.2018 | 1.1 - 31.12.2018 | 31.12.2018 | 1.1 – 30.06.19 | 30.06.2019 |
|---|---|---|---|---|---|
| Intangible assets | 28,984.87 | -11,662.13 | 17,322.74 | -5,286.08 | 12,036.66 |
| Tangible assets | -6,299,111.63 | 1,547,849.64 | -4,751,261.99 | -31,748.86 | -4,783,010.85 |

| | | | | | |
|---|---|---|---|---|---|
| Inventories | 9,736.49 | -5,256.49 | 4,480.00 | -480.00 | 4,000.00 |
| Impairment of interest | 378,435.50 | 272,802.00 | 651,237.50 | 0.00 | 651,237.50 |
| Trade & other receivables | 606,107.02 | -11,822.62 | 594,284.40 | -17,710.43 | 576,573.97 |
| Employee benefits | 139,396.49 | 24,581.14 | 163,977.63 | 20,562.35 | 184,539.98 |
| Suppliers and other liabilities | -4,312.19 | 4,937.15 | 624.96 | -2,741.11 | -2,116.15 |
| Tax loss offset by taxable earnings of subsequent years | 2,545,766.72 | -1,769,942.38 | 775,824.34 | -380,824.34 | 395,000.00 |
| Other | 8,014.05 | -1,766.55 | 6,247.50 | -810.00 | 5,437.50 |
| **Total** | **-2,586,982.68** | **49,719.76** | **-2,537,262.92** | **-419,038.47** | **-2,956,301.39** |
| Directly to equity | | -78,208.72 | | -18,677.16 | |
| **In the results** | | **-28,488.96** | | **-437,715.63** | |

b) For the Company

| | 01.01.2018 | 1.1 – 31.12.18 | 31.12.2018 | 1.1-30.06.19 | 30.06.2019 |
|---|---|---|---|---|---|
| Intangible assets | -6,594.88 | 1,323.56 | -5,271.32 | 358.14 | -4,913.18 |
| Tangible assets | -4,255,642.62 | 595,423.46 | -3,660,219.16 | -12,851.01 | -3,673,070.17 |
| Inventories | 9,736.49 | -5,256.49 | 4,480.00 | -480.00 | 4,000.00 |
| Impairment of interest | 378,435.50 | 272,802.00 | 651,237.50 | 0.00 | 651,237.50 |
| Trade & other receivables | 561,283.98 | -11,958.57 | 549,325.41 | 4,380.94 | 553,706.35 |
| Derivatives - Securities | 15,038.34 | -8,790.84 | 6,247.50 | -810.00 | 5,437.50 |
| Employee benefits | 138,717.04 | 24,520.57 | 163,237.61 | 4,272.63 | 167,510.24 |
| Suppliers and other liabilities | 0.00 | 0.00 | 0.00 | -2,116.15 | -2,116.15 |
| Tax loss offset by taxable earnings of subsequent years | 1,342,700.00 | -652,700.00 | 690,000.00 | -295,000.00 | 395,000.00 |
| Other | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total** | **-1,816,326.15** | **215,363.69** | **-1,600,962.46** | **-302,245.45** | **-1,903,207.91** |
| Directly to equity | | -78,997.74 | | -2,388.69 | |
| **In the results** | | **136,365.95** | | **-304,634.14** | |

The tax loss creates a tax receivable equal to the income tax that will, from which the Company will benefit in the next years when it will be offset against the respective taxable earnings. The recording of the receivable for deferred tax took place as the Management of the Company and the Group's companies considers that there is reasonable certainty for the realization of earnings in future years, whereas such earnings will be capable to offset the present receivable with the future tax liability.

Deferred tax assets and liabilities are offset when there is an applicable legal right to offset current tax assets against current tax liabilities and when deferred income tax refers to the same tax authority.

The provisions of article 23 of Law 4579/2018 (Gov. Gaz. A' 201/03.12.2018) superseded the article 58 of the Income Tax Code (Law 4172/2014). According to the new provisions, the tax rate imposed on earnings from business activity concerning legal persons and legal entities is reduced by one percentage point per annum, beginning for the income generated in the tax year 2019. Specifically for the income of tax year 2018, the tax rate of 29% was applied, whereas for the income generated in tax year 2019, the new tax rate settles at twenty eight percent (28%), for the income of tax year 2020 at twenty seven percent (27%), for the income of tax year 2021 at twenty six percent (26%) and for the income of tax year 2022 and going forward the tax rate settles at twenty five percent (25%). Therefore after 3/12/2018 the tax rates of article 58 of Income Tax Code L. 4172/2013 as it is in effect are incrementally decreasing from 29% to 25% without any pre-condition. Regarding the tax rates which will be the basis for the calculation of the deferred taxes we note that in paragraph "Income taxes" of the IAS 12 the following are stated: "…The deferred tax assets and liabilities will be measured according to the tax rates expected to be applicable during the particular year when the respective tax asset or liability will be settled taking into account the tax rates (and the tax legislation) that has been established or materially established, until the balance sheet date…" Therefore the calculation of deferred taxes was based on the new tax rates as per above, meaning according their effect during the particular year when the respective tax asset or liability will be settled.

## *17. Analysis of post-employment benefits*

The Group has assigned an actuary to conduct a study in order to investigate and calculate the actuarial figures, based on the specifications set by International Accounting Standards (IAS 19), which must be recorded on the balance sheet and the statement of comprehensive income. When performing the actuarial estimate, all economic and population parameters related to the employees of the Group were taken into account.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| **Balance Sheet liabilities** | **672,983.86** | **655,593.35** | **670,040.93** | **652,950.42** |
| **Charges to the Results** | **29,589.08** | **56,719.66** | **29,289,08** | **56,419.66** |
| | | | | |
| **Actuarial gains / (losses** | **0.00** | **85,030.14** | **0.00** | **85,030.14** |
| Present value of financed liabilities | 0.00 | 0.00 | 0.00 | 0.00 |
| Present value of non-financed liabilities | 672,983.86 | 570,563.21 | 670,040.93 | 567,920.28 |
| **Balance Sheet Liability** | **672,983.86** | **655,593.35** | **670,040.93** | **652,950.42** |
| | | | | |
| **Changes in the net liability recognized in the Balance Sheet** | | | | |
| Net liability at beginning of year | 655,593.35 | 544,977.55 | 652,950.42 | 542,634.62 |
| Contributions paid | (12,198.57) | (31,134.00) | (12,198.57) | (31,134.00) |
| Total expense recognized in the results | 29,589.08 | 56,719.66 | 29,289.08 | 56,419.66 |
| Actuarial gains / (losses) | 0.00 | 85,030.14 | 0.00 | 85,030.14 |
| **Net liability at end of year** | **672,983.86** | **655,593.35** | **670,040.93** | **652,950.42** |
| | | | | |
| **Analysis of expenses recognized in the results** | | | | |
| Cost of current employment | 19,486.05 | 37,038.81 | 19,186.05 | 36,738.81 |
| Financial cost | 5,223.61 | 8,139.52 | 5,223.61 | 8,139.52 |
| Prior service cost | 4,879.42 | 11,541.33 | 4,879.42 | 11,541.33 |
| **Total expense recognized in the results** | **29,589.08** | **56,719.66** | **29,289.08** | **56,419.66** |
| **Allocation of Expense** | | | | |
| Cost of sales | 10,075.19 | 23,029.82 | 10,075.19 | 23,029.82 |
| Distribution expenses | 13,779.51 | 20,521.08 | 13,779.51 | 20,521.08 |
| Administrative expenses | 5,734.38 | 13,168.76 | 5,434.38 | 12,868.76 |
| **Total** | **29,589.08** | **56,719.66** | **29,289.08** | **56,419.66** |

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| | 30.06.2019 | | | | |
|---|---|---|---|---|---|
| | < 1 year | From 1 to 2 years | From 2 to 5 years | > 5 years | Total |
| Expected average expiration of the liability for employee benefits of company | 0.00 | 0.00 | 0.00 | 670,040.93 | **670,040.93** |
| Expected average expiration of the liability for employee benefits of group | 0.00 | 0.00 | 0.00 | 672,983.86 | **672,983.86** |

| | 31.12.2018 | | | | |
|---|---|---|---|---|---|
| | < 1 year | From 1 to 2 years | From 2 to 5 years | > 5 years | Total |
| Expected average expiration of the liability for employee benefits of company | 0.00 | 0.00 | 0.00 | 652,950.42 | **652,950.42** |
| Expected average expiration of the liability for employee benefits of group | 0.00 | 0.00 | 0.00 | 655,593.35 | **655,593.35** |

## *18. Analysis of tax liabilities*

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| Income tax liability | 0.00 | 0.00 | 0.00 | 0.00 |
| Credit balance of tax statements to be refunded | (52,135.61) | (40,050.57) | (52,093.98) | (40,008.94) |
| Tax duties from previous years | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total** | **(52,135.61)** | **(40,050.57)** | **(52,093.98)** | **(40,008.94)** |

## *19. Segment reporting*

The Group is organized in three business segments, according to the manner in which such are presented internally to those that make decisions for the allocation of resources and the audit of the effectiveness of the group's operations.

The three business segments are as follows:

- Segment of steel products
- Segment of production & trade of electric energy from Photovoltaic stations

| (Amounts in €) | 01.01 – 30.06.2019 | | | | |
|---|---|---|---|---|---|
| | STEEL PRODUCTS | ENERGY SEGMENT | CONSOLIDATION IN THE EQUITY | CONSOLIDATION & ARRANGEMENT ENTRIES | CONSOLIDATED STATEMENT OF INCOME |
| Sales | 57,446,929.72 | 666,002.18 | 0.00 | 0.00 | 58,112,931.90 |
| Gross profit / (loss) | 5,323,485.04 | 336,067.81 | 0.00 | 63,245.47 | 5,722,798.32 |
| Earnings / (losses) before interest, taxes, depreciation and amortization (EBITDA) | 1,212,538.95 | 570,432.35 | 0.00 | 13,697.25 | 1,796,668.55 |
| Earnings / (losses) before interest and taxes (EBIT) | 38,352.37 | 312,951.10 | 0.00 | (66,688.93) | 284,614.54 |
| Earnings / (losses) before taxes (EBT) | -931,096.57 | 132,173.68 | (40,444.96) | 24,339.08 | -815,028.77 |
| Earnings / (losses) after taxes | -1,315,894.65 | 85,576.06 | (40,444.96) | 18,342.09 | -1,252,421.46 |

| (Amounts in €) | 01.01 – 30.06.2018 | | | | |
|---|---|---|---|---|---|
| | STEEL PRODUCTS | ENERGY SEGMENT | CONSOLIDATION IN THE EQUITY | CONSOLIDATION & ARRANGEMENT ENTRIES | CONSOLIDATED STATEMENT OF INCOME |
| Sales | 52,634,192.61 | 675,967.46 | 0.00 | 0.00 | 53,310,160.07 |
| Gross profit / (loss) | 5,674,574.72 | 271,096.47 | 0.00 | 130,200.00 | 6,075,871.19 |
| Earnings / (losses) before interest, taxes, depreciation and amortization (EBITDA) | 1,370,217.52 | 421,955.30 | 0.00 | 404,750.00 | 2,196,922.82 |
| Earnings / (losses) before interest and taxes (EBIT) | 562,595.18 | 243,239.21 | 0.00 | 404,750.00 | 1,210,584.39 |
| Earnings / (losses) before taxes (EBT) | -775,101.18 | 147,162.47 | (62,881.06) | 405,550.94 | -285,268.83 |
| Earnings / (losses) after taxes | -969,481.62 | 75,728.05 | (62,881.06) | 405,550.94 | -551,083.69 |

The geographic segment may be considered as the secondary reporting segment, and includes the following reporting sectors:

- Domestic Sales (approximately 70%)
- Foreign Sales (approximately 30%)

The Group's and Company's sales are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01.01-30.06 | | 01.01-30.06 | |
| | 2019 | 2018 | 2019 | 2018 |
| Sales of Merchandise | 22,863,850.35 | 18,347,639.07 | 22,863,850.35 | 18,347,639.07 |
| Sales of Products | 35,207,292.90 | 34,956,915.30 | 34,541,290.72 | 34,280,947.84 |
| Other Sales | 41,788.65 | 5,605.70 | 41,788.65 | 5,605.70 |
| **Total Sales** | **58,112,931.90** | **53,310,160.07** | **57,446,929.72** | **52,634,192.61** |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01.01-30.06 | | 01.01-30.06 | |
| | 2019 | 2018 | 2019 | 2018 |
| Domestic Sales | 34,574,455.42 | 36,699,250.40 | 33,908,453.24 | 36,023,282.94 |
| Foreign Sales | 23,538,476.48 | 16,610,909.67 | 23,538,476.48 | 16,610,909.67 |
| **Total Sales** | **58,112,931.90** | **53,310,160.07** | **57,446,929.72** | **52,634,192.61** |

## *20. Analysis of other results*

### (a) Other income

The Group's and Company's other income are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01.01-30.06 | | 01.01-30.06 | |
| | 2019 | 2018 | 2019 | 2018 |
| Income from transport & delivery expenses | 862,793.93 | 753,232.47 | 862,793.93 | 753,232.47 |
| Rental Income | 450.00 | 300.00 | 133,860.00 | 133,860.00 |
| Income from provision of services | 9,864.00 | 9,828.00 | 9,864.00 | 9,828.00 |
| Income from Grants | 42,769.86 | 535,996.89 | 20,588.13 | 106,079.65 |
| Profit from sale of fixed assets | 0.00 | 0.00 | 0.00 | 0.00 |
| Income from previous years | 16,009.06 | 449.10 | 16,009.06 | 449.10 |
| Other income | 20,897.04 | 69,286.06 | 20,897.04 | 68,686.06 |
| **Total** | **952,783.89** | **1,369,092.52** | **1,064,012.16** | **1,072,135.28** |

### (b) Other expenses

The Group's and Company's other expenses are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01.01-30.06 | | 01.01-30.06 | |
| | 2019 | 2018 | 2019 | 2018 |
| Doubtful trade and other receivables | 52,850.75 | 50,000.00 | 47,001.12 | 50,000.00 |
| Losses from sale of fixed assets | 1,088.59 | 49,245.00 | 1,088.59 | 49,245.00 |
| Previous years' expenses | 9,310.42 | 9,352.91 | 8,483.68 | 9,352.61 |
| Other expenses | 12,931.65 | 252,413.45 | 12,381.54 | 85,919.36 |
| Impairment of investments | 0.00 | 0.00 | 0.00 | 300,000.00 |
| Amortization | 148,455.77 | 121,533.64 | 0.00 | 0.00 |
| **Total** | **224,637.18** | **482,545.00** | **68,954.93** | **494,516.97** |

### (c) Expenses

The Group's and Company's expenses are analyzed as follows:

| | GROUP 01.01-30.06.19 | | |
|---|---|---|---|
| | COST OF SALES | DISTRIBUTION EXPENSES | ADMINISTRATIVE EXPENSES |
| Employee fees & expenses | 1,114,708.90 | 1,093,741.09 | 357,006.63 |
| Third party fees & expenses | 337,953.39 | 416,973.05 | 527,711.63 |
| Third party benefits | 541,017.73 | 411,153.68 | 236,793.29 |
| Taxes - duties | 54,331.68 | 46,135.73 | 64,321.05 |
| Sundry expenses | 386,897.30 | 2,436,369.12 | 71,805.56 |
| Depreciation | 1,038,501.20 | 409,000.20 | 95,319.46 |
| Cost of inventories | 48,916,723.38 | 0.00 | 0.00 |
| **Total** | **52,390,133.58** | **4,813,372.87** | **1,352,957.62** |

| | GROUP 01.01-30.06.18 | | |
|---|---|---|---|
| | COST OF SALES | DISTRIBUTION EXPENSES | ADMINISTRATIVE EXPENSES |
| Employee fees & expenses | 991,421.46 | 1,045,020.10 | 335,632.24 |
| Third party fees & expenses | 324,302.75 | 364,707.10 | 615,518.89 |
| Third party benefits | 472,643.19 | 286,002.28 | 283,150.54 |
| Taxes - duties | 60,786.16 | 44,447.61 | 28,570.28 |
| Sundry expenses | 420,172.03 | 2,141,978.34 | 158,054.00 |
| Depreciation | 821,168.93 | 368,452.58 | 80,300.36 |
| Cost of inventories | 44,143,794.36 | 0.00 | 0.00 |
| **Total** | **47,234,288.88** | **4,250,608.01** | **1,501,226.31** |

| | COMPANY 01.01-30.06.19 | | |
|---|---|---|---|
| | COST OF SALES | DISTRIBUTION EXPENSES | ADMINISTRATIVE EXPENSES |
| Employee fees & expenses | 1,114,708.90 | 1,093,741.09 | 346,216.38 |
| Third party fees & expenses | 310,853.39 | 416,973.05 | 494,350.05 |
| Third party benefits | 369,870.74 | 411,153.68 | 226,148.33 |
| Taxes - duties | 30,940.87 | 46,135.73 | 4,132.63 |
| Sundry expenses | 386,897.30 | 2,436,369.12 | 69,443.56 |
| Depreciation | 711,225.83 | 409,000.20 | 93,178.77 |
| Cost of inventories | 49,195,136.03 | 0.00 | 0.00 |
| **Total** | **52,119,633.06** | **4,813,372.87** | **1,233,469.72** |

| | COMPANY | | |
|---|---|---|---|
| | 01.01-30.06.18 | | |
| | COST OF SALES | DISTRIBUTION EXPENSES | ADMINISTRATIVE EXPENSES |
| Employee fees & expenses | 991,421.46 | 1,045,020.10 | 320,770.68 |
| Third party fees & expenses | 292,002.75 | 364,707.10 | 595,541.33 |
| Third party benefits | 308,151.08 | 286,002.28 | 248,662.88 |
| Taxes - duties | 31,423.37 | 44,447.61 | 2,157.09 |
| Sundry expenses | 420,172.03 | 2,141,978.34 | 149,237.61 |
| Depreciation | 642,452.84 | 368,452.58 | 80,300.36 |
| Cost of inventories | 44,270,182.74 | 0.00 | 0.00 |
| **Total** | **46,955,806.27** | **4,250,608.01** | **1,396,669.95** |

## (d) Financial expenses – income

The Group's and Company's financial expenses are analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01.01-30.06 | | 01.01-30.06 | |
| | 2019 | 2018 | 2019 | 2018 |
| Debit interest | 991,459.18 | 1,270,267.18 | 886,908.92 | 1,115,241.16 |
| Other bank expenses and fees | 193,112.68 | 179,613.64 | 257,507.15 | 125,691.02 |
| Foreign exchange differences | 0.00 | 31,956.38 | 0.00 | 31,956.38 |
| **Total** | **1,184,571.86** | **1,481,837.20** | **1,144,416.07** | **1,272,888.56** |

The Group's and Company's financial income is analyzed as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01.01-30.06 | | 01.01-30.06 | |
| | 2019 | 2018 | 2019 | 2018 |
| Credit interest | 68,000.64 | 16,433.12 | 130,874.56 | 66,930.62 |
| Income from securities | 441.00 | 1,676.50 | 441.00 | 1,676.50 |
| Interest receivable from customers | 15,344.81 | 3,049.09 | 15,344.81 | 3,049.09 |
| Foreign exchange differences | 41,587.06 | 0.00 | 41,587.06 | 0.00 |
| Profit from derivatives | 0.00 | 27,706.33 | 0.00 | 27,706.33 |
| **Total** | **125,373.51** | **48,865.04** | **188,247.43** | **99,362.54** |

## (e) Income / expenses of companies consolidated via the equity method

| | 01.01-30.06.2019 | | |
|---|---|---|---|
| | Results for the period | Other | Total |
| THRACE GREENHOUSES SA | 5,141.51 | 0.00 | 5,141.51 |
| BALKAN IRON GROUP SRL | (16,411.32) | (29,175.15) | (45,586.47) |
| **Total** | **(11,269.81)** | **(29,175.15)** | **(40,444.96)** |

| | 01.01-30.06.2018 | | |
|---|---|---|---|
| | Results for the period | Other | Total |
| THRACE GREENHOUSES SA | (80,424.90) | 0.00 | (80,424.90) |
| BALKAN IRON GROUP SRL | 17,543.84 | 0.00 | 17,543.84 |
| **Total** | **(62,881.06)** | **0.00** | **(62,881.06)** |

### (f) Income tax expense / income

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01.01-30.06 | | 01.01-30.06 | |
| | 2019 | 2018 | 2019 | 2018 |
| Income tax of current year / provision | 0.00 | 0.00 | 0.00 | 0.00 |
| Deferred taxation | 437,392.69 | 265,814.86 | 304,634.14 | 187,288.88 |
| **Total** | **437,392.69** | **265,814.86** | **304,634.14** | **187,288.88** |

### (g) Other comprehensive income / expenses after taxes

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01.01-30.06 | | 01.01-30.06 | |
| | 2019 | 2018 | 2019 | 2018 |
| Actuarial gains / losses | 0.00 | 0.00 | 0.00 | 0.00 |
| Result from cash flow hedging minus the corresponding tax | 363.34 | 57,966.01 | 363.42 | 57,966.01 |
| **Total** | **363.34** | **57,966.01** | **363.42** | **57,966.01** |

## *21. Analysis of earnings per share*

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01.01-30.06 | | 01.01-30.06 | |
| | 2019 | 2018 | 2019 | 2018 |
| Net earnings corresponding to shareholders | (1,253,773.84) | (552,272.08) | (985,291.48) | (752,088.21) |
| Number of shares (W. Avg) | 18,421,780 | 18,421,780 | 18,421,780 | 18,421,780 |
| **Earnings / (losses) per share (€)** | **(0.0681)** | **(0.0300)** | **(0.0535)** | **(0.0408)** |

## *22. Transactions with related parties*

The amounts of the Group’s and Company’s sales and purchases, from and towards related parties, as well as the balances of receivables and liabilities, are analyzed as follows:

(a) Intra-company sales / purchases on 30.06.2019 and 30.06.2018 respectively

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| PURCHASES | SALES / REVENUES | | | |
|---|---|---|---|---|
| | ELASTRON S.A. | THRACE GREENHOUSES SA | NORTHERN GREECE METAL PRODUCTS S.A. | TOTAL |
| THRACE GREENHOUSES S.A. | 7,613.14 | 0.00 | 0.00 | **7,613.14** |
| PHOTOENERGY S.A. | 25,800.00 | 0.00 | 0.00 | **25,800.00** |
| PHOTODEVELOPMENT S.A. | 58,200.00 | 0.00 | 0.00 | **58,200.00** |
| PHOTODIODOS S.A. | 51,360.00 | 0.00 | 0.00 | **51,360.00** |
| PHOTOKYPSELI S.A. | 17,400.00 | 0.00 | 0.00 | **17,400.00** |
| ILIOSKOPIO S.A. | 24,300.00 | 0.00 | 0.00 | **24,300.00** |
| PHOTOISHIS LTD | 6,900.00 | 0.00 | 0.00 | **6,900.00** |
| **TOTAL** | **191,573.14** | **0.00** | **0.00** | **191,573.14** |

| PURCHASES | SALES | | | |
|---|---|---|---|---|
| | ELASTRON S.A. | THRACE GREENHOUSES SA | NORTHERN GREECE METAL PRODUCTS S.A. | TOTAL |
| ELASTRON S.A. | 0.00 | 0.00 | 860,437.08 | **860,437.08** |
| PHOTOENERGY S.A. | 25,659.38 | 0.00 | 0.00 | **25,659.38** |
| PHOTODEVELOPMENT S.A. | 57,848.44 | 0.00 | 0.00 | **57,848.44** |
| PHOTODIODOS S.A. | 51,036.56 | 0.00 | 0.00 | **51,036.56** |
| PHOTOKYPSELI S.A. | 17,329.69 | 0.00 | 0.00 | **17,329.69** |
| ILIOSKOPIO S.A. | 24,166.41 | 0.00 | 0.00 | **24,166.41** |
| PHOTOISHIS LTD | 6,738.28 | 0.00 | 0.00 | **6,738.28** |
| **TOTAL** | **182,778.76** | **0.00** | **860,437.08** | **1,043,215.84** |

(b) Intra-company receivables / liabilities on 30.06.2019 and 31.12.2018 respectively:

| LIABILITIES | RECEIVABLES | | | |
|---|---|---|---|---|
| | ELASTRON S.A. | NORTHERN GREECE METAL PRODUCTS S.A. | COMPANIES OF PHOTOVOLTAIC STATIONS | TOTAL |
| ELASTRON S.A. | 0.00 | 50,460.61 | 0.00 | **50,460.61** |
| PHOTOENERGY S.A. | 162,657.92 | 0.00 | 0.00 | **162,657.92** |
| PHOTODEVELOPMENT S.A. | 459,936.38 | 0.00 | 0.00 | **459,936.38** |
| PHOTODIODOS S.A. | 415,994.02 | 0.00 | 0.00 | **415,994.02** |
| PHOTOKYPSELI S.A. | 80,870.04 | 0.00 | 0.00 | **80,870.04** |
| ILIOSKOPIO S.A. | 155,191.03 | 0.00 | 0.00 | **155,191.03** |
| PHOTOISHIS LTD | 421,406.04 | 0.00 | 0.00 | **421,406.04** |
| NORTHERN GREECE METAL PRODUCTS S.A. | 211,090.32 | 0.00 | 0.00 | **211,090.32** |

| | | | | |
|---|---|---|---|---|
| BALKAN IRON GROUP SRL | 155,700.00 | 0.00 | 0.00 | **155,700.00** |
| KALPINIS SIMOS BULGARIA EOOD | 810,000.00 | 0.00 | 0.00 | **810,000.00** |
| **TOTAL** | **2,872,845.75** | **50,460.61** | **0.00** | **2,923,306.36** |

| | RECEIVABLES | | | |
|---|---|---|---|---|
| **LIABILITIES** | **ELASTRON S.A.** | **NORTHERN GREECE METAL PRODUCTS S.A.** | **COMPANIES OF PHOTOVOLTAIC STATIONS** | **TOTAL** |
| ELASTRON S.A. | 0.00 | 50,460.61 | 0.00 | **50,460.61** |
| THRACE GREENHOUSES S.A. | 350,000.00 | 0.00 | 0.00 | **350,000.00** |
| PHOTOENERGY S.A. | 167,145.12 | 0.00 | 0.00 | **167,145.12** |
| PHOTODEVELOPMENT S.A. | 465,181.18 | 0.00 | 0.00 | **465,181.18** |
| PHOTODIODOS S.A. | 412,081.86 | 0.00 | 0.00 | **412,081.86** |
| PHOTOKYPSELI S.A. | 80,951.64 | 0.00 | 0.00 | **80,951.64** |
| ILIOSKOPIO S.A. | 155,921.43 | 0.00 | 0.00 | **155,921.43** |
| PHOTOISHIS LTD | 476,406.04 | 0.00 | 0.00 | **476,406.04** |
| NORTHERN GREECE METAL PRODUCTS S.A. | 4,436,090.32 | 0.00 | 0.00 | **4,436,090.32** |
| BALKAN IRON GROUP SRL | 167,370.00 | 0.00 | 0.00 | **167,370.00** |
| KALPINIS SIMOS BULGARIA EOOD | 805,000.00 | 0.00 | 0.00 | **805,000.00** |
| **TOTAL** | **7,516,147.59** | **50,460.61** | **0.00** | **7,566,608.20** |

| | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **01.01-30.06** | | **01.01-30.06** | |
| | **2019** | **2018** | **2019** | **2018** |
| **c) Transactions and remuneration of Board Members & senior executives** | | | | |
| Transactions and remuneration of Board Members | 242,800.00 | 254,800.00 | 242,800.00 | 254,800.00 |
| Transactions and remuneration of senior executives | 44,200.00 | 44,200.00 | 44,200.00 | 44,200.00 |
| Transactions and remuneration of other related entities | 33,690.00 | 25,890.00 | 33,690.00 | 25,890.00 |
| Receivables from senior executives and Board members | 0.00 | 0.00 | 0.00 | 0.00 |
| Liabilities to senior executives and Board members | 0.00 | 0.00 | 0.00 | 0.00 |

Senior executives according to IAS 24 are those individuals that have the authority and responsibility for the planning, management and control of the entity's activities, directly or indirectly, and include all members of the Board of Directors (executive and non-executive) of the entity, as well as all other senior executives according to the above definition.

## *23. Contingent Liabilities - Receivables*

**Guarantees**

The Group and the Company have contingent liabilities and receivables in relation to banks, suppliers, other guarantees and other issues which emerge from their ordinary activity as follows:

| | 30.06.2019 | |
|---|---|---|
| | GROUP | COMPANY |
| Guarantees to secure obligations to suppliers | 3,388,926.79 | 3,382,608.79 |
| Guarantees to secure trade receivables | 1,838,331.00 | 1,838,331.00 |
| Other Guarantees | 2,336,399.53 | 2,336,399.53 |
| **Total** | **7,563,657.32** | **7,557,339.32** |

**Tax unaudited fiscal years**

In application of the relevant tax provisions : a) paragraph 1 of article 84 of Law 2238/1994 (unaudited cases concerning income tax), b) paragraph 1 of article 57 of Law 2859/2000 (unaudited cases related to VAT) and c) paragraph 5 of article 9 of Law 2523/1997 (penalties imposed for income tax cases), the right of the Greek State to impose any tax with regard to the fiscal years up to 2011 including, has been waived until 31/12/2017, with the exception of special or extraordinary provisions which may provide for a longer waiving period and under the respective conditions which these provisions stipulate.

Apart from these, based on the jurisprudence of the Council of State and the administrative courts, and in absence of a provision in the Code of Laws regarding Stamp Duties for the waiving of such case, the relevant claim made by the Greek State for imposing stamp duties is subject to a 20-year waiver according to the article 249 of the Civil Code.

For years 2012 up until 2017, ELASTRON SA, METAL-PRO SA and the absorbed company CORUS KALPINIS-SIMOS SA (up until 2016) have been subject to the tax audit of the Certified Auditors according to the provisions of paragraph 5, article 82 of Law 2238/1994 (fiscal years 2012 and 2013) and the provisions of article 65A of Law 4174/2013 (fiscal years 2014 until 2017) as they are in effect, whereas the relevant Tax Compliance Reports were issued. Since 2014, the other companies of the Group have been subject to the tax audit of the Certified Auditors as provided by the provisions of article 65A of Law 4174/2013 as it was amended by the article 56 of Law 4410/2016. For the companies and the fiscal years which were not subject to the tax audit of the Certified Auditors and remain tax-unaudited up until today, by the pertinent tax authorities, we estimate that any additional taxes that may emerge will not have any material impact on the financial statements. Therefore we view that there is no reason to proceed with any additional provision.

For the fiscal year 2018, ELASTRON SA and the other Group companies have been subject to the tax audit by the Certified Auditors as stipulated by the provisions of article 65a, L. 4174/2013. This audit is in progress and the relevant tax certificates are expected to be granted after the release of the financial statements for year 2018. If new additional tax liabilities emerge up until the completion of the tax audit, then we estimate that these will not have any material effect on the financial statements of the Company and the Group.

**Legal cases**

There are no disputes in court or in arbitration, nor are there any decisions by judicial or arbitration bodies that may have a significant impact on the Company's and Group's financial position or operation.

## 24. Dividends

According to Greek commercial law, companies are obligated to distribute at least 35% of earnings after the deduction of taxes and the statutory reserve, to shareholders. The Ordinary General Meeting of Shareholders on 20/06/2019 approved not to distribute any dividend for the financial year 2018.

## 25. Personnel information

### (a) Number of personnel

The number of employees working for the Group and the Company is presented in the following table:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01.01-30.06 | | 01.01-30.06 | |
| | 2019 | 2018 | 2019 | 2018 |
| Regular staff | 76 | 75 | 75 | 74 |
| Staff on day-wage basis | 116 | 106 | 116 | 106 |
| **Total staff** | **192** | **181** | **191** | **180** |

### (b) Personnel's remuneration

The remuneration of the Group's and Company's employees is presented in the following table:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 01.01-30.06 | | 01.01-30.06 | |
| | 2019 | 2018 | 2019 | 2018 |
| Employee remuneration | 2,064,056.30 | 1,912,321.40 | 2,055,871.75 | 1,900,607.93 |
| Employer contributions | 460,126.63 | 426,658.54 | 457,820.93 | 423,510.45 |
| Other benefits | 23,883.18 | 11,389.47 | 23,883.18 | 11,389.47 |
| **Total** | **2,548,066.11** | **2,350,369.41** | **2,537,575.86** | **2,335,507.85** |

## 26. Government Grants

| | 30.06.2019 | | 31.12.2018 | |
|---|---|---|---|---|
| | GROUP | COMPANY | GROUP | COMPANY |
| Grants on completed investments | 7,974,197.57 | 5,088,693.53 | 7,974,197.57 | 5,088,693.53 |
| Grants on the income of the year 2019 / 2018 | (42,769.86) | (20,588.13) | (949,793.87) | (155,579.38) |
| Grants on revenue from previous financial years | (4,013,642.50) | (2,153,024.58) | (3,063,848.63) | (1,997,445.20) |
| **Balance on deferred income** | **3,917,785.21** | **2,915,080.82** | **3,960,555.07** | **2,935,668.95** |
| Received Prepayment | 7,607,885.36 | 4,722,381.32 | 7,607,885.36 | 4,722,381.32 |
| Receivable from Grant | 366,312.21 | 366,312.21 | 366,312.21 | 366,312.21 |

The decision no. 70161/28-06-2018 of the Deputy Minister of Finance and Development approved the completion of the business plan of ELASTRON SA which was submitted and accepted according to the inclusion decision no. 16985/ΔΒΕ 2029/22-12-2006/v.3299/2004 (Gov. Gaz. 421/B'/27-03-2007) as it is currently in effect in the framework of Law 3299/2007 (Article 3, paragraph 1, case e, sub-case xi). The amount of the investment accounted for 12.8 million Euros and the corresponding grant settled at 4.5 million Euros, with the full amount being received.

The parent Company submitted in June 2013 to the Ministry of Development and Competitiveness a new subsidized investment program under the auspices of L. 3908/2011 for the modernization of the mechanical and building machinery, amounting to € 3.4 million. The rate of subsidy in this program is set at 15%. In May 2014, the parent Company's investment plan was approved and included in the category of General Entrepreneurship of the General Business Plans of article 6 of Law 3908/2011. In November 2017, the Company filled an audit request with regard to the completion and certification of the commencement of the production activity in relation to the particular investment, whereas in February 2018, the Company collected an amount of 146.5 thousand Euros which corresponds to 2/7 of the respective grant. Within fiscal year 2019, the certification audit concerning the completion of the investment's financial and physical objective was completed and relevant announcements are expected to be made.

The investment cost grant is subject to limitations and conditions that are reasonably expected to be implemented in whole. For this reason the Company and Group account for grant receivables against completed investments. The government grants that refer to expenses are deferred and registered in the results when the granted expense is registered, in order to match the income with the expense.

## *27. Financial & Operating Leases*

Until the financial year 2018, the leasing of property, installations, transportation vehicles and equipment was classified as either financial leases or operating leases. The payments that were made in the context of operating leases (net of any incentives granted to lessor) were charged against the results according to the straight line method during the lease term.

Since 1st January 2019, according to IFRS 16 which in turn replaced IAS 17 and the Interpretations 4, 15 and 27, all leasing contracts with duration longer than 12 months, unless the underlying asset is of insignificant value, are being recognized as an asset along with a respective liability at the date when the leased asset is available for use by the Group.

The time allocation of the leasing liabilities on 30/06/2019 and 31/12/2018 for the company and the group are as following:

**GROUP**

**30.06.2019**

| Amounts in € | Liabilities of financial / operating leases | Minus: Future financial debits of financial / operating leases | Total |
|---|---|---|---|
| Within the following year | 780,743.79 | -73,431.70 | 707,312.09 |
| From the 2nd until the 5th year | 1,055,316.46 | -120,703.41 | 934,613.05 |
| After the 5th year | 357,000.00 | -83,268.50 | 273,731.50 |
| **Total** | **2,193,060.25** | **-277,403.61** | **1,915,656.64** |

**31.12.2018**

| Amounts in € | Liabilities of financial / operating leases | Minus: Future financial debits of financial / operating leases | Total |
|---|---|---|---|
| Within the following year | 632,659.76 | -60,832.27 | 571,827.49 |
| From the 2nd until the 5th year | 1,058,425.13 | -42,325.80 | 1,016,099.33 |
| After the 5th year | 0.00 | 0.00 | 0.00 |
| **Total** | **1,691,084.89** | **-103,158.07** | **1,587,926.82** |

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COMPANY

30.06.2019

| Amounts in € | Liabilities of financial / operating leases | Minus: Future financial debits of financial / operating leases | Total |
|---|---|---|---|
| Within the following year | 737,543.79 | -49,248.78 | 688,295.01 |
| From the 2nd until the 5th year | 884,216.48 | -37,514.00 | 846,702.48 |
| After the 5th year | 0.00 | 0.00 | 0.00 |
| **Total** | **1,621,760.27** | **-86,762.78** | **1,534,997.49** |

31.12.2018

| Amounts in € | Liabilities of financial / operating leases | Minus: Future financial debits of financial / operating leases | Total |
|---|---|---|---|
| Within the following year | 632,659.76 | -60,832.27 | 571,827.49 |
| From the 2nd until the 5th year | 1,058,425.13 | -42,325.80 | 1,016,099.33 |
| After the 5th year | 0.00 | 0.00 | 0.00 |
| **Total** | **1,691,084.89** | **-103,158.07** | **1,587,926.82** |

## 28. Exchange rates

The exchange rates used to translate the financial statements of the company "BALKAN IRON GROUP SRL", from foreign currency to € are the following:

**30.06.2019**

1 € = 4,7343RON (Exchange rate used in the Statement of Financial Position)
1 € = 4,7418RON (Exchange rate used in the Statement of Comprehensive Income)

**30.06.2018**

1 € = 4,6631 RON (Exchange rate used in the Statement of Financial Position)
1 € = 4,5370RON (Exchange rate used in the Statement of Comprehensive Income)

## 29. Online Availability of Financial Statements

The semi-annual Financial Report of ELASTRON Group, including the Management Report by the Board of Directors as an inseparable part of such, for the period ended on 30.06.2019, have been posted on the company's website http://www.elastron.gr.

## *30. Events after the preparation date of the Financial Statements*

There are no other events after 30/06/2019 which may materially and significantly affect the financial position and the results of the Company and the Group.

Aspropyrgos, 24 September 2019

| THE CHAIRMAN OF THE BOARD | THE DEPUTY CEO | THE CHIEF FINANCIAL OFFICER |
|---|---|---|
| PANAGIOTIS SIMOS | STYLIANOS KOUTSOTHANASIS | VASILIS MANESIS |
| ID No. AE 063856 | ID No. AB 669589 | ID No. AE 008927 |
| | | Prof. License No. 0072242 |