ANNUAL REPORT

2019

70 YEARS

FOURLIS
GROUP OF COMPANIES

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Part A.

I. Fourlis Group

1. Our Values

2. Our History

- **1950** – Founding of A. **FOURLIS & Co**
- **1970 - 1980** – General Dealership of **GENERAL ELECTRIC** household appliances
- **1988** – **IPO** in the Athens Stock Exchange
- **1993** – Acquisition of 51% of P. **KOTSOVOLOS** S.A.
- **1999** – **IKEA** & **INTERSPORT** franchise rights
- **2001** – First **Ikea store** in **Greece** (Thessaloniki) and opening of 14 INTERSPORT stores
- **2004**
  - First **INTERSPORT** store in **Romania**
  - Dispose of Kotsovolos to Dixons Group

- **2006** – First **INTERSPORT** store in **Bulgaria**
- **2007** – First **IKEA store** in **Cyprus**
- **2010** – **Dispose of Samsung** Representation for Greece & Romania
- **2011**
  - First **IKEA** store in **Bulgaria.**
  - Acquisition of INTERSPORT branch network and franchise
- **2014**
  - Acquisition of **THE ATHLETE"S FOOT** franchise rights
  - Completion of **wholesale** activity **exit**
- **2016** – Issuance of first Greek **Corporate Bond**, traded in Athens Stock Exchange
- **2019** – Approval/ License Implementation of **REIC formation**

3.Fourlis Group

- ✓ FOURLIS Group is one of the leading retail group of companies in Greece and the Balkans in providing quality consumer durable goods. The commercial activity is expanding in Greece, Cyprus, Bulgaria, Romania and Turkey.
- ✓ The Group is active in two key retail divisions:

❖ **Retail Home Furnishings** (IKEA)
❖ **Retail Sporting Goods** (INTERSPORT – THE ATHLETE'S FOOT)

- ✓ In 2018 FOURLIS Group decided to enter into **the real estate investment division** through the establishment of a new subsidiary company named "TRADE ESTATES REAL ESTATES INVESTMENT COMPANY". Group's new subsidiary company granted an operating license from the Hellenic Capital Market Commission on 28.02.2019. The new company aims to invest in a real estate portfolio consisted of quality retail properties and E-Commerce infrastructure. FOURLIS Group through its operation in this sector aims to maximize its flexibility in accessing real estate equity, to improve its overall returns on assets, to centralize ownership and management, streamling administration and tax planning.

- ✓ For the past 70 years, FOURLIS Group, the successor of FOURLIS BROS S.A, is dedicated in investing to its employees and to the quality of the workplace and the innovative infrastructure along with the functional relationships with suppliers. By these means, it manages to achieve high levels of productivity and to maximize customers' satisfaction.
- ✓ It is important to note that FOURLIS Group remains firmly active in the development process, with substantial contribution to the Greek economy. It is noteworthy that since 2008 when the financial crisis started in Greece and Europe, FOURLIS Group has invested over 175 million euros in capital expenditures.
- ✓ Education and training of workforce, regular and fair assessment at all levels as well as commitment to the Group's values – "Integrity", "Respect" and "Efficiency "- continue to be the significant comparative advantages through which the Group seeks to achieve its objectives.

Annual Report 2019

FOURLIS
ΟΜΙΛΟΣ ΕΤΑΙΡΙΩΝ

IKEA

INTERSPORT
the athlete's foot

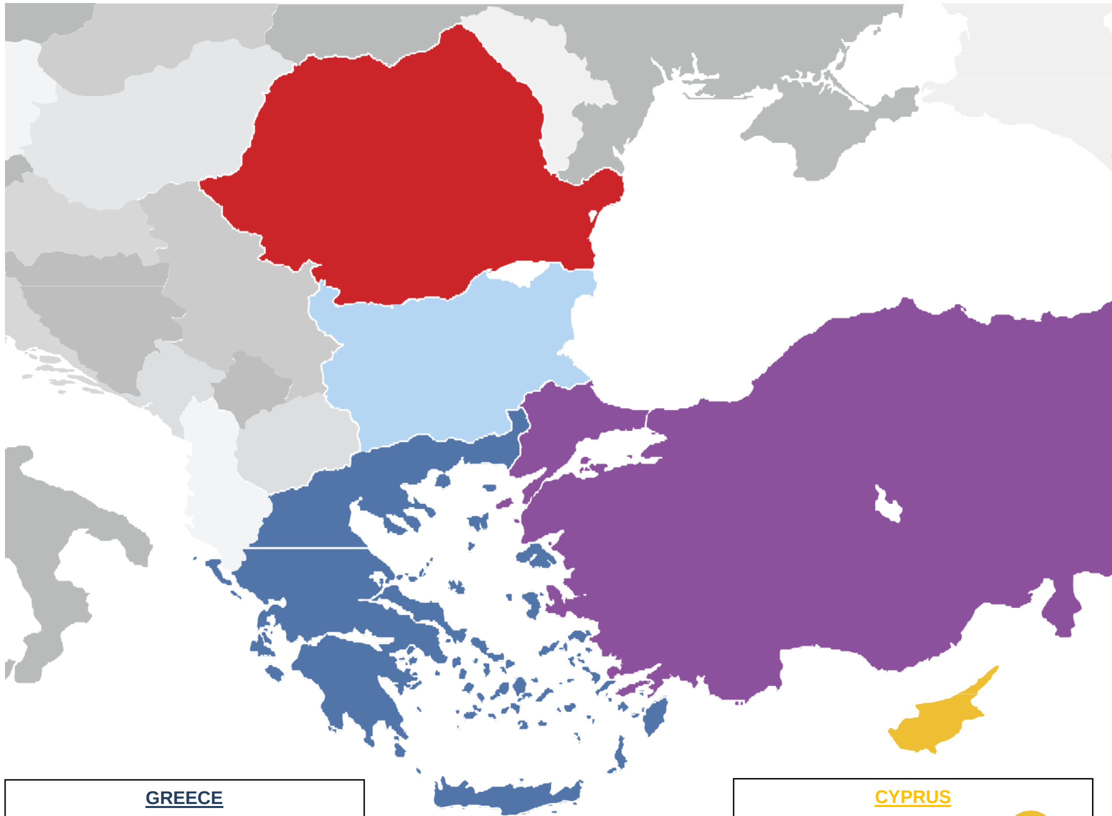
TradeEstates

4. Our strategy

The strategic orientation of the Group is to expand through companies which focus in retail commerce. The Group's entrance into growing sectors such as household equipment and sporting goods is one of the basic pillars on which it developed and it will continue to develop in the future. In order to accomplish its goals, the Group aims to:

- Focus on the expansion of the commercial and service areas.
- Promote synergies within the Group and develop alliances with other companies.
- To adapt constantly so that the Group is always ready to face increasing needs and new conditions arising in the market.
- To keep the Group's personnel aware at all times of new developments in the industry and provide ongoing professional training

5. Our Presence in the map



GREECE

5 IKEA Stores

6 IKEA Pick-Up Points

51 Intersport Stores

14 The Athlete's Foot Stores

ROMANIA

31 Intersport Stores

CYPRUS

1 IKEA Store

1 IKEA Pick-Up Points

6 Intersport Stores

TURKEY

22 Intersport Stores

3 The Athlete's Foot Stores

BULGARIA

1 IKEA Store

3 IKEA Pick-Up Points

9 Intersport Stores

E-Commerce in all 5 countries

- ✓ IKEA
- ✓ Intersport
- ✓ The Athlete's Foot Stores

6.Corporate Governance

- Since 2011, FOURLIS HOLDINGS S.A, the parent company of the Group has decided to voluntarily comply with the Greek Code of Corporate Governance that has adapted to the Greek legislation and business reality and constitutes a standard of leading corporate governance practices, which aim to enhance the transparency of Greek companies and increase the investors' confidence both in the entirety of listed companies and in each one individually, and broadens the horizons to attract investment capital.

- The parent company is managed by the Board of Directors which consists of nine members, out of which four are executive, one is non-executive and four are independent non-executive members. The Company has elected its Board with the maximum permitted number of executive and non-executive directors to ensure the diversity of gender, age, knowledge, qualification and experience serving the objectives of the Company as well as the balance between executive and non-executive members.

- The function of the Board of Directors is supported by:

- The Audit Committee which is appointed by the General Assembly of the Shareholders supports the BoD on the fields of financial reporting, internal control and supervision of external auditors
- The Nomination and Remuneration Committee ensures an efficient, transparent process of nomination of Board members and prepare proposals to the Board for the remuneration of company's executive directors and key executives

- Board members

  9

- Voting standard

  Majority

- Percentage of women on board

  22.2%

- Percentage of Independent members on board

  44.4%

- Percentage of non-executive board members

  55.6%

- Number of Committees

  2

  - Audit committee
  - Nomination & Remuneration

7. Fourlis Group Social Responsibility

- H FOURLIS Group Social Responsibility Department was established in 2008 as a result of the need to coordinate the Group companies under a common framework of Social Responsibility actions and initiatives, driven by its Values “***Integrity, Respect, Efficiency*** *” and its Mission which is “to create superior value for our Customers, People, Shareholders and Society, by delivering goods and solutions for better living”.*
- The Social Responsibility Department operates and continuously grows based on the following priority pillars: respect for our **People**, support of the **Society** and protection of the **Environment.**
- Embracing the UN vision for a globally coordinated effort to improve life in a sustainable way, FOURLIS Group is, since 2008, a member of the UN Global Compact, the world's largest voluntary initiative for responsible business action.

Social Responsibility FOURLIS GROUP

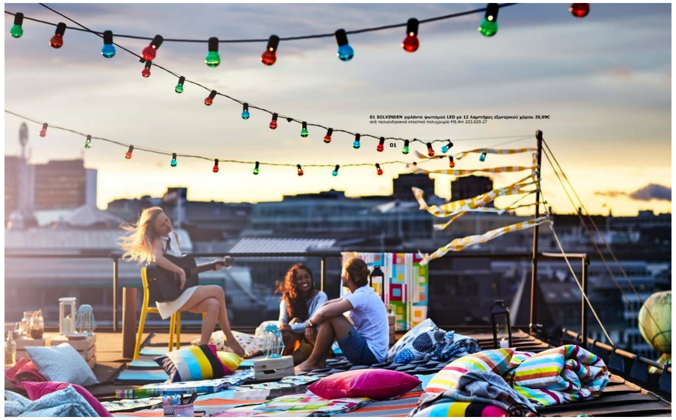
✓ PEOPLE

- Κάθε χρόνο, η Each year, the Social Responsibility Department implements a series of actions focusing on FOURLIS Group **People.**
- In this context, the EF ZIN (Wellbeing) program is being implemented since 2010, aiming to inform employees on health and wellbeing issues and to motivate them to adopt a healthy lifestyle. In 2018 the program included actions such as ergonomics seminars, a balanced diet program for the IKEA stores’ employees implemented in collaboration with a dietician-nutritionist, a monthly Newsletter on health and wellbeing issues, athletic tournaments, seminars on the importance of a healthy breakfast and snacks.
- In 2019 the Social Responsibility Department program named “I study with a Scholarship program” continued. This program is being implemented since 2013 and aims to support students-children of employees who study at Public Universities in Greece and Cyprus, away from their permanent residence, and whose families face financial hardship in meeting their children’s accommodation expenses in another town

✓ SOCIETY

At FOURLIS Group we also annually design and implement actions aiming at the support of the Society. Some of the most important actions implemented in 2019 include:

- The "Furnished With Joy" program which is being implemented since 2013 by HOUSEMARKET S.A., in collaboration with the Municipal Authorities and concerns the complete refurbishment of municipal nursery schools and kindergartens in Greece with IKEA products.
- The donation of meals from the IKEA stores' restaurants to Foundations and Organizations, in cooperation with "BOROUME", a non-profit organization whose mission is to reduce food waste and to fight malnutrition in Greece.
- The cooperation of HOUSEMARKET S.A. with MAKE A WISH Greece for the donation of IKEA furniture and other products to grant the wishes of children.



- The “We Reach the Edges” program, which INTERSPORT ATHLETICS S.A. implements since 2011, and through which the company offers free sports equipment to primary schools in remote and border areas of Greece, while it informs students about the importance of a healthy diet.
- The protection of the cultural heritage of our country through the support of the DIAZOMA Association, the non-profit association OPHELTES - The friend of Nemea, the SOCIETY FOR THE RIVAVAL OF THE NEMEAN GAMES as well as the ELLINIKI ETAIRIA-Society for the Environment and Cultural Heritage, by FOURLIS HOLDINGS S.A.
- The cooperation of HOUSEMARKET BULGARIA AD with UNICEF, to support children.
- The promotion of volunteering through actions organized with the participation of the Group’s employees, such as the voluntary blood donation, the annual collection and supply of food and other essentials to institutions and organizations,the collection and offer medicine through GIVMED organization.

:

✓ ENVIRONMENT

At FOURLIS Group, the actions we take towards the protection of the **Environment** are not limited to those imposed by the environmental legislation. Thus, we monitor our operations’ impacts and implement a number of voluntary actions and interventions aiming at reducing our environmental footprint, creating savings and recycling natural resources, reducing greenhouse gas emissions and raising the awareness of our employees and the public regarding the protection of the environment and the adoption of a responsible lifestyle. In this context:

- We systematically monitor energy and water consumption and make all necessary interventions where and when needed, while we also implement recycling programs at the Group companies premises.
- Since 2013 TRADE LOGISTICS S.A.has installed a 1 MW photovoltaic plant with average annual productivity of 1.460MWh, for producing electricity on its roof, while H.M. HOUSEMARKET (CYPRUS) LTD is in the process of implementing the installation of electric power generation systems on the roof of the IKEA Cyprus store.
- Since 2012, TRADE LOGISTICS S.A. also monitors its carbon emissions for the entirety of its activities, with a view to find solutions for their reduction.
- The IKEA stores offer a variety of eco-friendly products
- At FOURLIS Group companies, we implement actions to raise awareness among our employees and the public regarding environmental issues and the adoption of a responsible lifestyle.

- *FOURLIS 2019 Annual Social Responsibility and Sustainable Development Report will be published in June 2020 and will be available at www.fourlis.gr*

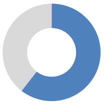
II. Financial Overview

✓ BASIC FINANCIAL FIGURES

- Fourlis Group, during 2019, realized **sales of € 466,3 million** 4,0% higher vs last year (€ 448,5 mio).
- FY19 **EBITDA** was **€ 66,6 million** following implementation IFRS 16. The comparable EBITDA was € 46,3 million vs € 44,3 million in FY18.
- Consolidated **Profit Before Taxes** was **€ 19,5 million**, while on a comparable basis the profit before taxes was € 22,5 million vs profit of € 18,5 million in FY18.
- The Group realized **Net Profit** of **€ 11,9 million**.

Revenue Breakdown by Geography (in € mm)

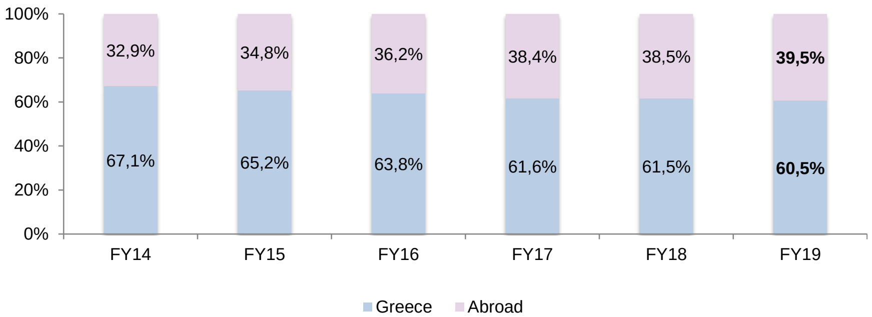
Greece



€282,2 m
60,5% of Group
(2018: €275,9 m)

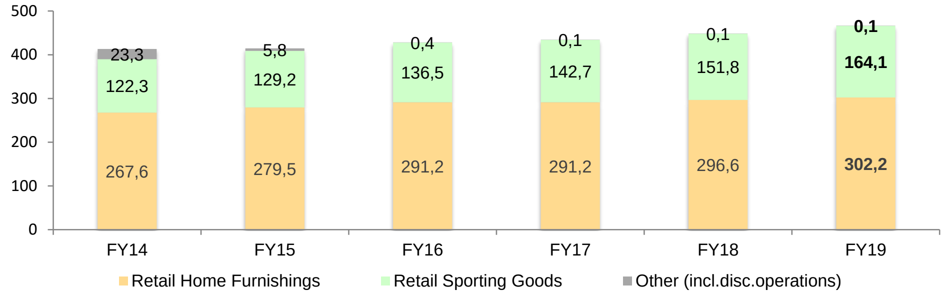
Abroad

€184,2 m
39,5% of Group
(2018: €172,6 m)

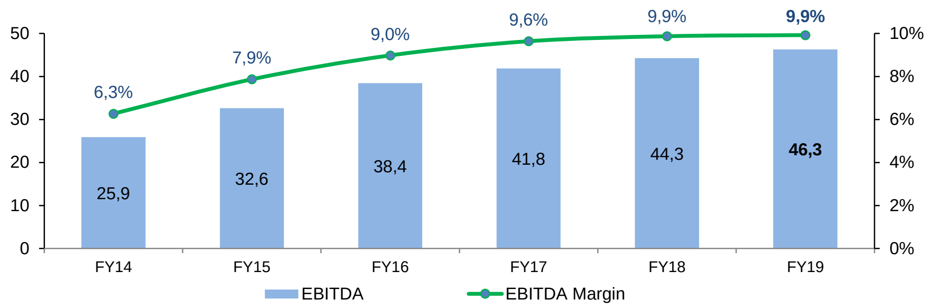


Revenue Breakdown by Activity (in € mm)

Total	413,3	414,4	428,1	434,1	448,5	**466,3**

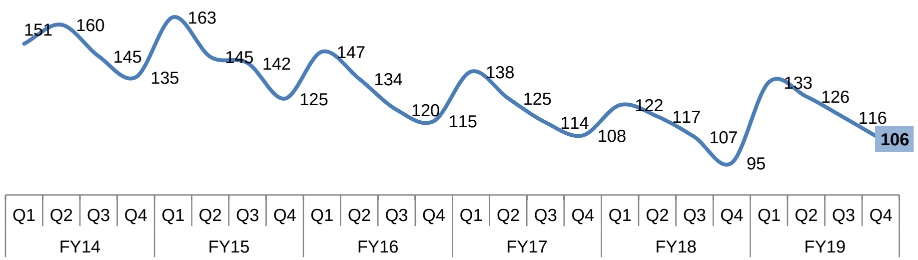


EBITDA



FY19 EBITDA (without IFRS 16 impact)

Net Debt Evolution



✓ RETAIL HOME FURNISHING SECTOR(IKEA)

- Fourlis Group is the exclusive franchisee of IKEA trademark in Greece, Cyprus and Bulgaria.
- IKEA is the world leader in home furnishings and accessories. It was founded in Sweden in 1943 and today IKEA operates 423 stores in over 52 countries. During fiscal year 2018, over 957 million people visit IKEA all over the world and the turnover accounted in € 38,8 billion.
- Through the operating IKEA stores, the subsidiary companies of FOURLIS Group (namely HOUSEMARKET S.A., H.M. HOUSEMARKET CYPRUS Ltd and HOUSE MARKET BULGARIA AD), is active in retail home furnishings and in providing catering services in all three countries..
- Το δίκτυο των τριών εταιρειών του Ομίλου,σήμερα εκτείνεται:

Network of Retail Home Furnishings Division

7 IKEA (5 in Greece, 1 in Cyprus, 1 in Bulgaria)

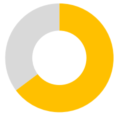
10 Pick-up Points (6 in Greece, 3 in Bulgaria, 1 in Cyprus)

3 E-shop in all 3 countries

- The intention of FOURLIS Group is to expand its store and pick up network both in the current countries of operation but also and in new territories.

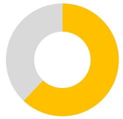
2019 Basic Financial Figures (in € mm)

Turnover



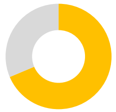
€302,3 m
64,8% of Group
(2018: €296,7 m)

Gross Profit



€125,7 m
62,1% of Group
(2018: €121,3 m)

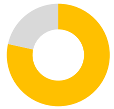
EBITDA*



€32,8 m
(2018: €32,1 m)

**IFRS 16 adjusted*

PBT*

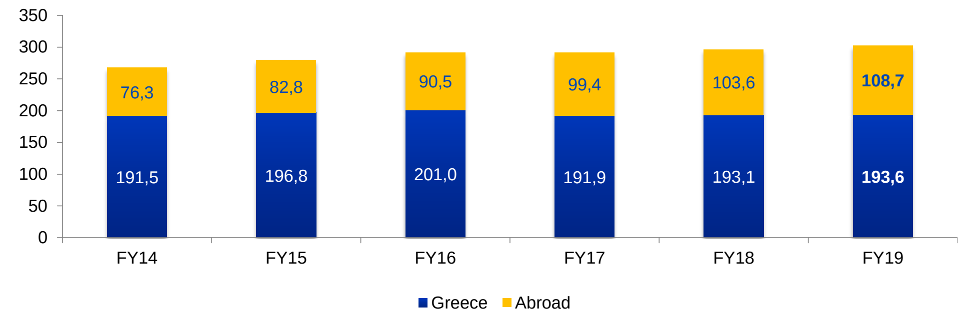


€19,0 m
(2018: €15,8 m)

**IFRS 16 adjusted*

Revenue Breakdown by Geography (in € mm)

Total	**267,7**	**279,5**	**291,5**	**291,3**	**296,7**	**302,3**



✓ RETAIL SPORTING GOODS SECTOR (Intersport – The Athlete's Foot)

- Ο Όμιλος FOURLIS Group is the exclusive franchisee of INTERSPORT trademark in Greece, Cyprus and Bulgaria, in Romania and Turkey.
- INTERSPORT, is the number one retail sporting goods chain worldwide, with 50 million visitors in 5.600 stores in 44 countries. In September 2000, Intersport initiated its dynamic presence as part of FOURLIS Group.
- In addition, the Group is exclusive franchisee of THE ATHLETE'S FOOT trademark for Greece and Turkey.
- The Athlete's Foot is recognized as one of the world's leaders in athletic footwear, continuing its legacy and commitment to proper fit and quality customer service. At the same time, after her acquisition by INTERSPORT International Corp.(IIC), The Athlete's Foot. continues to grow, and is opening even more stores in more countries every year
- Currently, the division operates through a network of:

Network of Retail Sporting Goods Division

119 Intersport Stores (**51** in Greece, **31** in Romania, **22** in Turkey, **9** in Bulgaria, **6** in Cyprus)

17 THE ATHLETE'S FOOT stores (**14** in Greece, **3** in Turkey)

5 E-shop in all **5** countries

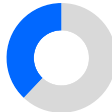
- The strategic plan of FOURLIS Group regarding the retail sporting goods division is the expansion of INTERSPORT stores to more than 160 points and to 50 stores for the Athete's Foot.

2019 Basic Financial Figures

Turnover

€164,1 m
35,2% of Group
(2018: €151,8 m)

Gross Profit



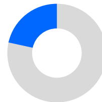
€76,8 m
37,9% of Group
(2018: €71,5 m)

EBITDA*

€15,0 m
(2018: €13,5 m)

**IFRS 16 adjusted*

PBT*

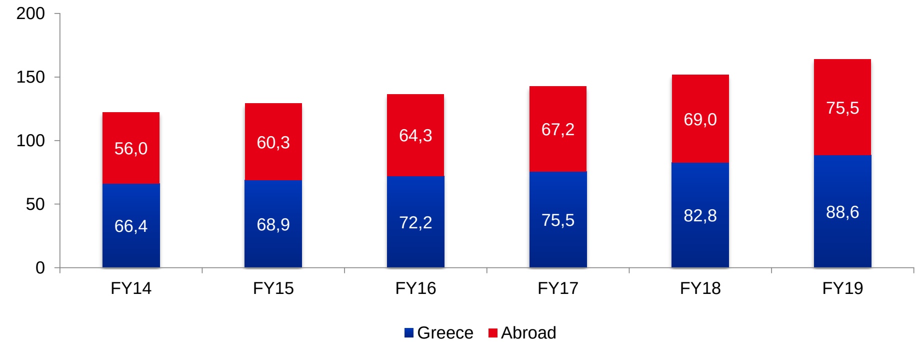


€5,2 m
(2018: €3,9 m)

**IFRS 16 adjusted*

Revenue Breakdown by Geography (in € mm)

Total	122,3	129,2	136,5	142,7	151,8	164,1



B. Μέρος

FOURLIS HOLDINGS S.A.

REG. NO: 13110/06/B/86/01

GENERAL ELECTRONIC COMMERCIAL REGISTRY NO: 258101000

OFFICES: 18-20, SOROU STR. (Building A) – 151 25 MAROUSI

ANNUAL FINANCIAL REPORT

For the period

1/1/2019 to 31/12/2019

(TRANSLATED FROM THE GREEK ORIGINAL)

(In accordance with Law 3556/2007)

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Statements of Members of the Board of Directors

(In accordance with article 4 par. 2 L. 3556/ 2007)

The members of the Board of Directors of FOURLIS HOLDINGS SA

1. Vassilis S. Fourlis, Chairman,
2. Dafni A. Fourlis, Vice Chairman and
3. Apostolos D. Petalas, CEO

We confirm that to the best of our knowledge:

a. The Financial Statements (Consolidated and Separate) of FOURLIS HOLDINGS SA for the period 1/1/ - 31/12/2019 which have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU, provide a true and fair view of the Assets, Liabilities and Shareholders Equity along with the income statement of FOURLIS HOLDINGS S.A. as well as of the companies that are included in the consolidation taken as a whole.

b. The Annual Report of Board of Directors provides a true and fair view of the evolution, performance and financial position of FOURLIS HOLDINGS S.A. and of the companies included in the consolidation, taken as a whole, as well as a description of the main risks and uncertainties they face.

Maroussi, March 16 2020

The Chairman	The Vice Chairman	The CEO
Vassilis S. Fourlis	Dafni A. Fourlis	Apostolos D. Petalas

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY FOURLIS HOLDINGS SA FOR THE PERIOD 1/1 – 31/12/2019

TO THE SHAREHOLDERS ANNUAL GENERAL ASSEMBLY OF YEAR 2020

Dear Shareholders,

This Financial Report of the Board of Directors is for the period 1/1 - 31/12/2019 and was conducted in compliance with the relevant provisions of L. 4548/2018 as applied until 31/12/2019, article 4 of L. 3556/2007 and resolution 7/448/22.10.2007 of Hellenic Capital Market Committee. Consolidated and Separate Financial Statements comply to IFRS as adopted by EU.

Please find below for your approval, the Financial Statements of the period 1/1 – 31/12/2019 of the Company FOURLIS HOLDINGS S.A. and the Group which consists of its direct and indirect subsidiaries.

1. THE GROUP – Business Segments

The FOURLIS Group ("Group"), which consists of the parent Company FOURLIS HOLDINGS S.A. ("Company") along with its subsidiaries and their subsidiaries, is mainly operating in the Retail Trading of Home Furniture and Household Goods (IKEA Stores) and the Retail Trading of Sporting Goods (INTERSPORT & TAF Stores).

The subsidiary companies and their subsidiaries that are included in the consolidated financial statements for the year 2019, grouped per segment and country of operation are the following:

a) Full method

Retail Trading of Home Furniture and Household Goods (IKEA Stores)

The retail trading of home furniture and household goods segment includes the following Companies:

- HOUSEMARKET SA which operates in Greece and the parent company has a direct shareholding of 100%.
- H.M. HOUSEMARKET (CYPRUS) LTD which operates in Cyprus and the parent company has an indirect shareholding of 100%.
- TRADE LOGISTICS S.A. which operates in Greece and the parent company has an indirect shareholding of 100% (except one share). The retail trading of home furniture and household goods segment includes warehousing services provided by the company TRADE LOGISTICS SA.
- RENTIS REAL ESTATE INVESTMENTS SA which operates in Greece and the parent company has an indirect shareholding of 100% (except one share).
- HOUSE MARKET BULGARIA AD which operates in Bulgaria and the parent company has an indirect shareholding of 100% (except one share).

- WYLDES LTD which operates in Cyprus and the parent company has an indirect shareholding of 100%. Through associated companies WYLDES LTD, VYNER LTD and SW SOFIA MALL ENTERPRISES LTD, the group has a shareholding in the company SOFIA SOUTH RING MALL EAD, which operates one of the biggest malls in Sofia Bulgaria as well as its relevant operating activities.
- TRADE ESTATES BULGARIA EAD which operates in Bulgaria and the parent company has an indirect shareholding of 100%.
- TRADE ESTATES CYPRUS LTD which operates in Cyprus and the parent company has an indirect shareholding of 100%.
- H.M. ESTATES CYPRUS LTD which operates in Cyprus and the parent company has an indirect shareholding of 100%.

Retail Trading of Sporting Goods (INTERSPORT and TAF Stores)

The retail trading of sporting goods segment includes the following Companies:

- INTERSPORT ATHLETICS SA which operates in Greece and the parent company has a direct shareholding of 100%.
- INTERSPORT ATHLETICS (CYPRUS) LTD which operates in Cyprus and the parent company has an indirect shareholding of 100%.
- GENCO BULGARIA EOOD which operates in Bulgaria and the parent company has an indirect shareholding of 100%.
- INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş. which operates in Turkey and the parent company has an indirect shareholding of 100%.
- TRADE LOGISTICS S.A. which operates in Greece and the parent company has an indirect shareholding of 100% (except one share). The retail trading of sporting goods segment includes warehousing services provided by the company TRADE LOGISTICS SA.
- GENCO TRADE SRL which operates in Romania. The parent company has a direct shareholding of 1,57% and an indirect shareholding of 98,43%.

b) Net Equity method

The Group's consolidated data include, the following affiliated companies:

- VYNER LTD which operates in Cyprus and the subsidiary company WYLDES LTD has a direct shareholding of 50%.
- SW SOFIA MALL ENTERPRISES LTD which operates in Cyprus, in which WYLDES LTD has a direct shareholding of 50%.

2. CONSOLIDATED FINANCIAL DATA – IMPORTANT FACTS & FIGURES

(All the amounts are in thousands of euro unless otherwise stated)

Sales for retail trading of Furniture and Household Goods (IKEA Stores) increased by 1,9% compared

to the corresponding period of 2018 while sales of the retail trading of Sporting Goods (INTERSPORT & TAF Stores) increased by 8,1%. More specifically:

The retail trading of Furniture and Household Goods (IKEA Stores) segment, realized sales of € 302,3 million for the year 2019 (2018: € 296,7 million). The EBITDA totaled € 39,7 million (€ 32,8 million without the impact of IFRS 16) compared to € 32,1 million in 2018 and reported profits before tax € 17,6 million (€ 19,0 million without the impact of IFRS 16) versus € 15,8 million profits in 2018.

The retail trading of Sporting Goods segment (INTERSPORT and TAF Stores), realized sales of € 164,1 million for the year 2019 (2018: € 151,8 million). The segment's EBITDA for the year 2019 totaled € 28,2 million (€ 15,0 million without the impact of IFRS 16) compared to € 13,5 million in 2018, while recorded profits before tax € 3,7 million (€ 5,2 million without the impact of IFRS 16) compared to € 3,9 million in 2018.

Group's consolidated profits before tax amounted to € 19,5 million (€ 22,5 million without the impact of IFRS 16) compared to consolidated profits before tax € 18,5 million in 2018. Net profit amounted to € 11,9 million (€ 14,2 million without the impact of IFRS 16) compared to profit € 14,3 million on 2018.

In an effort to present a complete and real view of the Group's performance, we report the consolidated results per segment for the period 1/1 – 31/12/2019 versus 1/1 – 31/12/2018 at the following tables. Amounts are in thousands of euros.

Retail Trading of Home Furniture and Household Goods (IKEA stores):

	2019	2018	2019/2018
Revenue	302.273	296.698	1,02
EBITDA (*)	39.693	32.134	1,24
EBIT (*)	26.349	22.974	1,15
Profit before Tax (*)	17.610	15.784	1,12

(*) The alternative performance measures selected are mentioned in note 9.

Comparable EBITDA, EBIT and PBT for the year 2019 (without the impact of IFRS 16 since 1/1/2019) amount to € 32.824 th., € 25.084 th. and € 18.980 th. respectively for retail trading of home furniture and household goods segment (IKEA Stores).

Retail Trading of Sporting Goods (INTERSPORT and TAF stores)

	2019	2018	2019/2018
Revenue	164.080	151.787	1,08
EBITDA (*)	28.233	13.534	2,09
EBIT (*)	11.186	8.470	1,32
Profit before Tax (*)	3.670	3.910	0,94

(*)The alternative performance measures selected are mentioned in note 9.

Comparable EBITDA, EBIT and PBT for the year 2019 (without the impact of IFRS 16 since 1/1/2019)

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amount to € 14.994 th., € 9.666 th. and € 5.214 th. respectively for retail trading of sporting goods segment (INTERSPORT & TAF Stores).

Group Consolidated:

	2019	2018	2019/2018
Revenue	466.322	448.486	1,04
EBITDA (*)	66.582	44.269	1,50
EBIT (*)	35.831	30.212	1,19
Profit before Tax (*)	19.539	18.470	1,06
Net Profit After Tax and Minority Interests	11.933	14.291	0,84

(*)The alternative performance measures selected are mentioned in note 9.

Comparable EBITDA, EBIT and PBT for the year 2019 (without the impact of IFRS 16 since 1/1/2019) amount to € 46.275 th., € 33.026 th. and € 22.467 th. respectively for the Group.

We note that on a consolidated basis the Group's Total Equity (after minority interest) at December 31, 2019 amounts to € 180,2 million versus an amount of € 173,7 million of year end 2018. EBITDA does not include income from depreciation of grant assets.

3. Basic Financial Indicators (Consolidated)

Below please find basic Indicators for the Group Financial Structure and Performance & Efficiency according to the consolidated financial statements included in the Annual Financial Report of the Group, for the years 2019 and 2018 respectively.

Financial Structure Indicators:

	2019	2018
Total Current assets/Total Assets	59,73%	34,12%
Total Liabilities/TOTAL SHAREHOLDERS EQUITY & LIABILITIES	66,80%	59,04%
Total Shareholders Equity/TOTAL SHAREHOLDERS EQUITY & LIABILITIES	33,20%	40,96%
Total Current assets/ Total Current Liabilities	216,19%	113,96%

Comparable Total Current Assets/Total Assets on 31/12/2019 (without the impact of IFRS 16 since 1/1/2019) is 75,71%. Respectively, Total Liabilities/Total SHAREHOLDERS EQUITY & LIABILITIES is 57,40%, comparable Total Shareholders Equity/ Total SHAREHOLDERS EQUITY & LIABILITIES is 42,60% and comparable Total Current Assets/Total Current Liabilities is 286,79%.

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Performance & Efficiency basic Indicators:

	2019	2018
Operating Profit / Revenue	7,68%	6,74%
Profit before Tax / Total Shareholders Equity	10,84%	10,63%

Comparable Operating Profit/Revenues and Profit before Tax/ Total Shareholders Equity for the period 1/1-31/12/2019 without the impact of IFRS 16 since 1/1/2019 is 7,08% and 12,32%.

4. Operating Performance – Important developments:

During the period 1/1 – 31/12/2019 the following share capital changes were realised:

FOURLIS HOLDINGS S.A.:

1. Following resolution of the General Assembly of the shareholders held on 14/6/2019 (relevant minutes of the G.A. with number 23/14.06.2019), the share capital of the company decreased by the amount of € 5.180.731,40 with reduction of nominal value of each share by the amount of € 0,10 and corresponding capital return to shareholders.

The aforementioned change was registered to the General Electronic Commercial Registry (GECR) on 3/7/2019 (Code Registration Number 1782688), with the relevant 1580186/03.07.2019 announcement issued by the Minister of Finance and Development.

2. Under the context of the Stock Option Plan which was approved and established by the resolution of the Extraordinary General Assembly of the shareholders on 27/9/2013 (Stock Option Plan – hereinafter "the Program"), within the year 2019, 197.647 options were exercised (hereinafter "the Options"). Following the resolution of the Board of Directors on 18/12/2019 (relevant minutes of the BoD with number 408/18.12.2019), the exercise of the aforementioned options from the corresponding beneficiaries of the Program was certified by payment of the exercise price of the new shares.

It is noted that the underlying value of the shares to which the remaining stock options reflect, was initially determined at the amount of €3,40 per share, which was the stock closing price of the share on the date of the resolution of the General Assembly for the SOP (27/9/2013). Already, the resolutions 20/11/2017, 19/11/2018 and 18/11/2019 of the BoD (relevant minutes of the G.A. with number 389/20.11.2017, 399/19.11.2018 and 407/18.11.2019) resulted to the readjustment of the historical share price of the Company and therefore the implemented exercise price of stock options of the SOP is € 3,2226 per share.

Following the certification of the payment of the exercise price of the Stock Options by their beneficiaries, namely the amount of € 636.9367,23, 197.647 new common nominal shares were issued and delivered to the corresponding beneficiaries of the Program, of nominal value € 0,81 per share, while the share capital of the Company increased by the amount of € 160.094,07 which reflects to the nominal value of the new shares. Moreover, following the exercise of the aforementioned Options by payment of the exercise value, namely € 3,2226 per share according to the aforementioned, the share premiun, of total amount € 476.843,15, was transferred to "Share Premium reserve".

The aforementioned change was registered to the General Electronic Commercial Registry (GECR) on 24/1/2020 (Code Resistration Number 2062748), with the relevant 7890/24.01.2020 announcement issued by the Minister of Finance and Development.

Following these changes, the share capital of the Company now amounts to € 42.124.018,41 divided into 52.004.961 shares of nominal value € 0,81 per share, totally paid.

RENTIS SA:

Following resolution of the General Assembly of the shareholders held on 30/4/2019 (relevant minutes of the G.A. with number 42/30.04.2019), the share capital of the company increased by the amount of € 8.000.000,00 by issuing 8.000.000 new common nominal vote shares of nominal value € 1,00 per share. This share capital increase was totally covered by the only shareholder HOUSEMARKET (CYPRUS) LIMITED.

The aforementioned change was registered to the General Electronic Commercial Registry (GECR) on 12/6/2019 (Code Registration Number 1763876), with the relevant 1550823/12.06.2019 announcement issued by the GECR service of Athens Chamber of Commerce and Industry.

Following this change, the share capital of the Company now amounts to € 25.810.000,00 divided into 25.810.000 shares of nominal value € 1,00 per share, totally paid.

S.C. GENCO TRADE S.R.L.:

The General Assembly of the shareholders of the company held on 19/11/2019 decided its share capital decrease by the amount of RON 23.830.500,00 with a decrease of the nominal value of the share by the amount of RON 75,00, so as the new nominal value of the share to become RON 139,00 as well as, resulting from the aforementioned decrease, return to the shareholders of the aforementioned company the amount of RON 75,00 for each share they own.

As until 31.12.2019 and also until today, the aforementioned capital return has not yet been made towards the shareholders and therefore the corresponding share capital decrease has not been completed, the share capital still amounts to RON 67.996.360,00, divided into 317.740 common nominal vote shares, of nominal value RON 214 per share.

GENCO BULGARIA EOOD:

Following the resolution of the General Assembly of the shareholders of the company held on 13/5/2019, the share capital of the company increased by the amount of BGN 645.000,00 by issuing 64.500 new common nominal vote shares, of nominal value BGN 10,00 each. The share capital increase was totally covered by the shareholder INTERSPORT ATHLETICS S.A. following the resolution of 6/5/2019 of the Board of Directors and was registered in the relevant commercial registers on 23/5/2019. After the aforementioned share capital increase, the share capital amounts to BGN 15.600.170,00 divided into 1.560.017 shares of nominal value BGN 10,00 per share.

INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş.:

Following resolutions of the General Assembly of the shareholders of the company, the share capital of the company increased by the amount of € TL 12.000.000 through cash payment, by issue of 75.000.000 new common nominal shares of nominal value TL 0,16 per share. The share capital increase was totally covered by the shareholder INTERSPORT ATHLETICS S.A. and registered in the respective registries of the companies on 22.10.2019.

H.M. HOUSEMARKET (CYPRUS) LIMITED:

Following the ordinary resolution of 1.7.2019 of the company's BoD, its subscribed share capital increased by the total amount of € 18.000.144,00, through capitalization of prior year retained earnings, by issuing 10.526.400 new ordinary (common, nominal) shares of nominal value € 1,71 per share.

Following the aforementioned resolution, on 31.12.2019 the subscribed share capital of the company was formed at € 19.197.144,00, divided into 11.226.400 ordinary shares of nominal value € 1,71 per share, while the issued share capital remained at the amount of € 1.197.000,00, divided into 700.000 ordinary shares of nominal value € 1,71 per share, totally paid.

WYLDES LTD:

BoD of the shareholder HOUSEMARKET SA decided, on 6/5/2019, to proceed to the payment of € 30,00 against acquisition of 30 issued common nominal vote shares of nominal value € 1,00 per share, plus the amount of € 299.970,00 share premium, namely the payment of the total amount of € 300.000,00. It is noted that, its share capital still amounts to € 7.004,00 divided into 7.004 common (ordinary) nominal vote shares, of nominal value € 1,00 per share.

The relevant resolution for the corresponding share capital increase of the company was made following the ordinary resolution of its BoD on 16.12.2019, through which the share capital of the company increased by the total amount of € 30,00, by issuing thirty (30) ordinary shares, of nominal value € 1,00. The underlying price was set at € 10.000,00 for each of the aforementioned shares. It is noted that, following the total payment, by the only shareholder HOUSEMARKET SA, of the underlying amount of the new shares, total amount of € 299.970,00 which resulted to the increase of share premium reserve.

After the aforementioned share capital increase, the share capital of the Company amounts to € 7.034,00, divided in 7.034 ordinary shares, of nominal value € 1,00 per share, totally paid.

It is also noted that, WYLDES LTD has an indirect shareholding of 50% in the company SOFIA SOUTH RING MALL EAD which exploits the mall owned by Sofia Ring Mall, while all capitals invested are towards the development and improvement of this mall's operation.

VYNER LTD:

On 3/6/2019, the shareholder WYLDES LTD paid, against future share capital increase, the amount of € 2,00 for the acquisition of 2 issued common nominal vote shares of nominal value € 1,00 per share, plus the amount of € 19.998,00 share premium, namely the payment of total amount € 20.000,00.

The relative resolution for the respective share capital increase of the company was made following the ordinary resolution of 16.12.2019 of its BoD, through which the share capital of the company increased by the amount of € 4,00 with issue of four (4) ordinary shares, of nominal value € 1,00. The underlying price was set at € 10.000,00 for each of the aforementioned shares. It is noted that, following the total payment of the underlying amount of the new shares from the shareholders WYLDES LTD and SEASONAL MARITIME CORPORATION LIMITED (which have a shareholding in VYNER LTD of 50,00% each), of total amount € 39.996,00 which resulted to share premium reserve.

It is noted tha VYNER LTD, through the associated company SOFIA SOUTH RING MALL EAD (www.sofiaring.bg), operates and exploits the mall owned by Sofia Ring mall. The dynamically growing mall of surface 68.250 s.m. constructed by the company, started operating on 6/11/2014. Geographically, it is located 10 km southeast of Sofia in one of the most developing regions of Bulgaria's capital, while is nearby the only IKEA Store in Sofia of the Group's subsidiary HOUSEMARKET BULGARIA EAD.

SW SOFIA MALL ENTERPISES LIMITED:

Following the resolutions of 3/6/2019 and 11/6/2019 of the shareholder WYLDES LTD, the latter paid, against future share capital increase, the total amount of € 250,00 for acquisition of 250 issued common nominal vote shares of nominal value € 1,00 per share, plus the amount of € 249.750,00 share premium, namely total payment of amount € 250.000,00

The relative resolution for the respective share capital increase of the company was made following the ordinary resolution of 30.12.2019 of its BoD, through which the share capital of the company increased by the amount of € 500,00 with issue of 500 common nominal shares, of nominal value € 1,00. The underlying price was set at € 1.000,00 for each of the aforementioned shares. It is noted that, following the total payment of the underlying amount of the new shares from the shareholders WYLDES LTD and SEASONAL MARITIME CORPORATION LIMITED (which have a shareholding in

VYNER LTD of 50,00% each), of total amount € 499.500,00 which resulted to share premium reserve.

TRADE ESTATES CYPRUS LTD:

Following the HOUSEMARKET S.A.' BoD resolution of 3/6/2019 (relevant minutes of this company's BoD with number 411/03.06.2019), on 15.7.2019 the company "TRADE ESTATES CYPRUS LTD" was established, located in Nicosia of Cyprus, governed by the law of the Republic of Cyprus.

The initial share capital of the company amounted to € 1.000,00, divided into 1.000 ordinary shares, of nominal value € 1,00 per share and was totally covered by HOUSEMRKET S.A. as the sole founder and shareholder.

Moreover, in light of the wider activation of FOURLIS Group in real estate segment, a transformation took place, under the context of which, the right of use of the property of another subsidiary company H.M. HOUSEMARKET (CYPRUS) LTD was contributed in kind to TRADE ESTATES CYPRUS LTD on 27.11.2019 via partial demerger and more specifically the real estate property located in Municipality of Strovolos, Nicosia District, on Vergina Street no. 1, of total area of 20.620 square meters and consists of ground floor of 13.557 s.m., 1st floor of 7.063 s.m. and underground and auxiliary spaces of total area 18.485s.m. As a result of the aforementioned transformation, the share capital of the company increased by the amount of € 1.000,00, by issuing 1.000 ordinary shares, of nominal value € 1,00 per share and share premium reserve € 17.946,10 per share. All these new shares were undertaken by – at that time –the sole shareholder HOUSEMARKET S.A.

On 19.12.2019, a transfer took place from HOUSEMARKET S.A. to the subsidiary company H.M. ESTATES CYPRUS LTD, of the total share capital of TRADE ESTATES CYPRUS LTD and therefore H.M. ESTATES CYPRUS LTD became the sole shareholder of TRADE ESTATES CYPRUS LTD.

H.M. ESTATES CYPRUS LTD:

Following the HOUSEMARKET S.A.' BoD resolution of 2/12/2019 (relevant minutes of this company's BoD with number 422/02.12.2019), on 19.12.2019 the company HOUSEMARKET S.A. acquired the total number of shares already issued and the existing vote rights of the company "H.M. ESTATES CYPRUS LTD", which operates in Nicosia of Cyprus and is governed by the law of the Republic of Cyprus and more specifically 2.000 ordinary (common, nominal) shares, of nominal value € 1,00 each.

Then, at the same day, an increase took place in the company's share capital of amount € 1.000,00 by issuing 1.000 new common nominal shares, of nominal value € 1,00 per share and share premium reserve of the new shares of amount € 0,763 (€ 31.233,763) per share. This share capital increase was totally covered by HOUSEMARKET S.A. with contribution – transfer, to H.M. ESTATES CYPRUS LTD, of its total share capital – also located in Nicosia of Cyprus - TRADE ESTATES CYPRUS LTD, which at that time and until today amounts to € 1.000 divided into 1.000 new ordinary (common, nominal) shares, of nominal value € 1,00 per share.

Following all aforementioned changes, H.M. ESTATES CYPRUS LTD became the only shareholder of

TRADE ESTATES CYPRUS LTD, while its share capital on 31/12/2019 was formed at € 3.000,00, divided into 3.000 ordinary shares of nominal value € 1,00 each, totally paid.

TRADE ESTATES BULGARIA EAD:

In light of the wider activation of FOURLIS Group in real estate segment, the subsidiary company HOUSEMARKET BULGARIA EAD located in Sofia of Bulgaria proceeded on 2/8/2019 to the establishment of a new company in Bulgaria, TRADE ESTATES BULGARIA EAD, which resulted from transformation of HOUSEMARKET BULGARIA EAD and more specifically via demerger and contribution, in the newly established company, of the owned real estate property of HOUSEMARKET BULGARIA EAD which is used for the operation Home Furniture and Household Goods Retail (IKEA), as well as part of its liabilities.

The share capital of the new company TRADE ESTATES BULGARIA EAD on 31/12/2019 amounted to € BGN 52.758.203, divided into 52.758.203 nominal shares, of nominal value BGN 1,00 each, totally paid.

Apart from the above, no other changes in the share capital of the companies of the Group were made within the year 2019.

The parent company FOURLIS HOLDINGS S.A. does not have any branches.

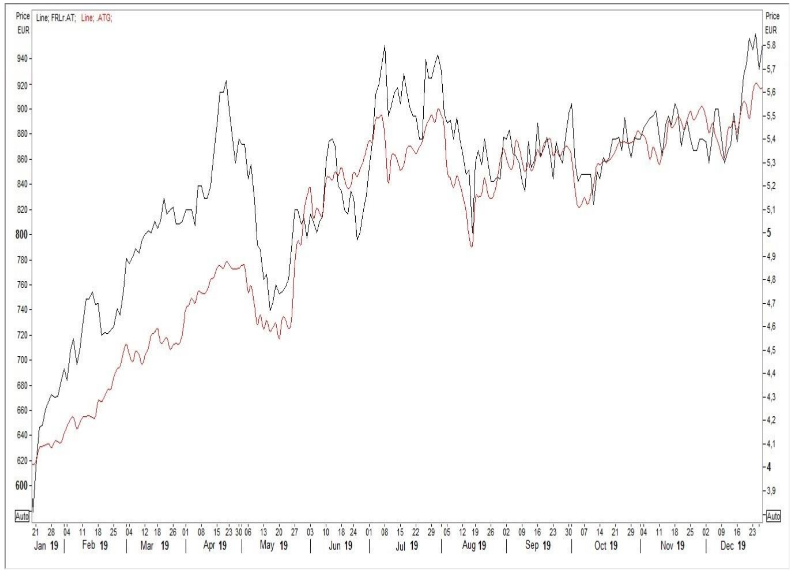
The subsidiaries and especially the retail trading companies have developed and continue to develop a significant chain of stores in Greece and abroad.

Retail Trading of Home Furniture and Household Goods (IKEA stores): The segment currently operates seven (7) IKEA Stores, five (5) of which in Greece, one (1) in Cyprus and one (1) in Bulgaria. Moreover, six (6) Pick up & Order Points with IKEA products are operating in Greece in Rhodes Island, Patras, Chania, Heraklion, Komotini and Kalamata and three (3) in Bulgaria in Varna, Burgas and Plovdiv and one (1) in Cyprus (Limassol). Also, three (3) e-commerce stores are operating in Greece, Cyprus and Bulgaria.

Retail trading of sporting goods (INTERSPORT and TAF stores): The segment currently operates one hundred and nineteen (119) INTERSPORT Stores [fifty (50) in Greece, thirty one (31) in Romania, nine (9) in Bulgaria, six (6) in Cyprus and twenty three (23) in Turkey]. INTERSPORT Stores that were added to the network within the period 1/1 – 31/12/2019 are: one (1) new store in Cyprus, Limassol (16/7/2019) and one (1) new store in Romania, Sibiu (14/2/2019). Also, in Turkey a Store terminated its operation on 1/7/2019 and in Bulgaria one new store was added, Paradise on 1/9/2019. Moreover, in Greece, Romania, Cyprus and Bulgaria e-commerce Stores are operating. TAF Stores operating on 31/12/2019 are sixteen (16), thirteen (13) of which in Greece and three (3) in Turkey. Within the period 1/1-31/12/2019, one (1) new TAF Store started operating in Volos (18/4/2019) and one (1) in Istanbul (1/8/2019).

5. Stock Price Evolution

Below is a chart providing a comparison between FOURLIS HOLDINGS S.A. share price and Athens Stock Exchange General Index for the period 1/1/2019 to 31/12/2019.



6. Stock Option Plan

The Ordinary General Assembly of the Company on 16/6/2017, under the context of Stock Option Plan, approved the disposal of 2.566.520 stock options and authorized the Board of Directors to regulate the procedural issues and details. The program will be implemented in four waves, with a maturity period of five years per wave. Options must be exercised within five years since their maturity date. In case that there are undisposed options, after the allocation of options mentioned above, these options will be cancelled. The underlying share price of each wave is the closing stock price of the share at the decision date of the General Assembly regarding the approval of the SOP.

On 20/11/2017, the BoD granted 641.630 stock options, which compose the first of the four waves. The underlying share price to which the granted stock options refer, is determined to the amount of euros 5,768 per share which is the closing stock price of the share adjusted with the share capital decrease which was implemented after the date of the General Assembly.

On 19/11/2018, the BoD granted 641.630 stock options, which compose the second of the four waves. The underlying share price to which the granted stock options refer, is determined to the amount of euros 5,666 per share which is the closing stock price of the share adjusted with the share capital decrease which was implemented after the date of the General Assembly.

On 20/11/2018, the BoD of the Company issued an Invitation to the beneficiaries of the SOP which was approved by the Extraordinary General Assembly held on 27/9/2013 and the Ordinary General Assembly held on 16/6/2017 regarding the exercise of their options. 16 beneficiaries responded to this Invitation and exercised their option for the purchase of 163.626 shares, of nominal value € 0,91 and underlying price € 3,28 per share and paid the total amount of € 537.069,61.

It is noted that the underlying price of shares to which the distributed options reflect, had been initially determined at the amount of € 3,40 per share, which was the closing stock price of the share on the date of the resolution of the General Assembly regarding the SOP since 27/9/2013 (Extraordinary General Assembly date). Due to corporate events (capital return by cash payment), the historical closing price of the share was readjusted and formed at the amount of € 3,34 per share (following the BoD resolution of 20/11/2017). Following the resolution of Ordinary General Assembly of 15/6/2018, there was a change in the historical share price resulting from corporate action relevant with the share capital decrease of the Company with reduction of the nominal value of the share by the amount of € 0,10 and the capital return to shareholders. Therefore, after the aforementioned adjustment, the historical share price is now amounting to € 3,28.

Also, the underlying share price, which was established by resolution of the Ordinary General Assembly of shareholders of the Company held on 16/6/2017, to which the distributed options reflect, had been initially determined at the amount of € 5,87 per share, which was the closing stock price. Due to corporate events (capital return by cash payment), the historical closing price of the share was readjusted and formed at the amount of € 5,77 per share (following the BoD resolution of 20/11/2017). Following the resolution of Ordinary General Assembly of 15/6/2018, there was a change in the historical share price resulting from corporate action relevant with the share capital decrease of the Company with reduction of the nominal value of the share by the amount of € 0,10 and the capital return to shareholders. Therefore, after the aforementioned adjustment, the historical share price is now amounting to € 5,67.

On 26/1/2018, a) the share capital increase of the Company by the amount of € 303.879,66 through cash payment and the issue of 313.278 new shares of nominal values € 0,97 and underlying price € 3,34 each and b) the certification of the payment of the aforementioned share capital increase by the total amount of € 303.879,66, were registered in the GECR. The Corporate Actions Committee of Hellenic Exchanges - Athens Stock Exchange, on their meeting held on 30/1/2018 approved the trading of the 313.278 new common nominal shares of the Company. According to the decision of the Company, the new shares started trading in ATHEX on 1/2/2018.

On 22/1/2019, a) the share capital increase of the Company by the amount of € 148.899,66 through cash payment and the issue of 163.626 new shares of nominal values € 0,91 and underlying price € 3,28 each (Code Registration Number 1638212) and b) the certification of the payment of the aforementioned share capital increase by the total amount of € 148.899,66 and share premium by the amount of € 388.169,95 (Code Registration Number 163269), were registered in the GECR.

On 19/11/2019, the BoD granted 641.630 stock options, which compose the third of the four waves. The underlying share price to which the granted stock options refer, is determined to the amount of euros 5,5637 per share which is the closing stock price of the share adjusted with the share capital decrease which was implemented after the date of the General Assembly.

On 19/11/2019, the BoD of the Company issued an Invitation to the beneficiaries of the SOP which was approved by the Extraordinary General Assembly held on 27/9/2013 and the Ordinary General Assembly held on 16/6/2017 regarding the exercise of their options. 18 beneficiaries responded to this Invitation and exercised their option for the purchase of 197.647 shares, of nominal value € 0,81 and underlying price € 3,2226 per share and paid the total amount of € 636.937,23.

It is noted that the underlying share price to which the distributed options reflect, had been initially determined at the amount of € 3,40 per share, which was the closing stock price on the date of the resolution of the General Assembly for the Sop (27/9/2013). Already, following the BoD resolutions of 20/11/2017, 19/11/2018 and 18/11/2019 (relevant minutes of the BoD 389/20.11.2017, 399/19.11.2018 and 407/18.11.2019), a readjustment has become at the historical price of the Company's share and as s result the implemented exercise price of the stock options is accounted at the amount of € 0,2226 (€ 3,2226) per share.

On January 24, 2020 the General Commercial Registry (G.E.MI.) by virtue of announcement 2062748 approved and registered the increase of the share capital by Euro 160.094,07, corresponding to the nominal value of the new 197.647 shares of nominal value Euro 0,81 each and exercise price of Euro 3,2226.

The Corporate Actions Committee of Hellenic Exchanges - Athens Stock Exchange, on their meeting held on January 29, 2020 approved the new 197.647 shares trading.

Friday January 31, 2020 was the first trading day in the Athens Stock Exchange of 197.647 new common shares.

It is noted that, after the aforementioned increase, the share capital now amounts to € 42.124.018,41 divided into 52.004.961 nominal shares of nominal value € 0,81 per share.

During the period 1/1 – 31/12/2019, beneficiaries waived their right to exercise 2.378 options (2018: 0) which were granted by the BoD on 25/11/2013, beneficiaries waived their right to exercise 4.677 options (2018: 6.220) which were granted by the BoD on 24/11/2014 and also beneficiaries waived their right to exercise 6.840 options (2018: 6.720) which were granted by the BoD on 25/11/2015.

7. Information about Group's plan of development

Growth rate of Greek economy was accelerated in 2019 compared to 2018 (increase estimation 1,9%), with the GDP recording an increase during the last 9month period 2,3% at current prices manly due to the increase of exports and private consuming. The economic environment rate of I.O.B.E. for 2019 was 109,5. With the expectation that the year 2020 in Greece, the prospects of economy will improve even more if the economic growth continues, the high taxation of natural persons is reduced and the cumulative debt of households and companies is reduced,

the Management of the Group aims to:

a) further increase its profitability,
b) continue strictly chosen investments in both retail segments of activity,
c) further gain benefits from synergies and scale economies that have been achieved within the Group with the completion of new investment of mechanical equipment for the automation of warehouse and distribution services supply of e-commerce products towards all companies of sporting goods segment of the Group by the company TRADE LOGISTICS SA,
d) continue to exploit new investment opportunities including the approval received from HCMC on 28/2/2019 for the granting of license for the company under formation "TRADE ESTATES REAL ESTATES INVESTMENT COMPANY" for its operation as a) a Real Estate Investment Company according to the provisions of L. 2778/1999 and b) an internally managed Alternative Investments Fund Manager ("AIFM") according to the provisions of L. 4209/2013. In the same context, the actions of the Group for the establishment of companies operating in real estate management in Cyprus and Bulgaria and for the strategic planning of TRADE ESTATES S.A. including finding a strategic partner who will implement a real investment in the incorporated company which along with the imminent public offering will arise in percentage of at least 50%.
e) continue invsetments in innovation, technology and services upgrade by following the fast changes at consumers' needs but also the nature of retail trading,
f) support the fulfilment of its consumers' growing expectations and creation of an entire positive experience for the customer,
g) smooth connection between e-commerce and "traditional" growth model, by totally utilizing digital means and new technologies so as to offer an omnichannel experience both offline and online.

Taking into consideration all the aforementioned, the Management will proceed to the implementation of its business plan with selective investments in Greece and foreign countries where the Group operates, as follows:

In the retail trading of sporting goods segment, with a network at the end of the year 2019 of one hundred and twenty two (122) stores in Greece, Romania, Bulgaria, Cyprus and Turkey as well as four (4) e-commerce Stores in Greece, Cyprus, Bulgaria and Romania, within the year 2020 four (4) new INTERSPORT Stores are expected to be added to the existing network and the e-commerce store in Turkey is expected to start operating. Moreover, four (4) new Stores and one (1) new e-commerce Store in Greece is expected to be added to the sixteen (16) already operating TAF stores. At the end of 2020, retail trading of sporting goods segment is expected to have a netwotk of one hundred and twenty-six (126) INTERSPORT Stores and twenty (20) TAF Stores as well as e-commerce INTERSPORT

Stores in Greece, Romania, Cyprus, Bulgaria and Turkey will be fully operating as well as the e-commerce TAF Store in Greece.

The home furniture and household goods segment, which operates seven (7) IKEA Stores, ten (10) Pick up & Order Points and three (3) e-commerce Stores Greece, Bulgaria and Cyprus, will add to its network the first medium-size IKEA store in Varna, Bulgaria. The Store will open in the second semester of 2020 and its size will be 8.000 sq.m. According to the relevant announcement of the group on 18/12/2019, the Store will be the first, of a network of medium to small size stores that the Group is planning to develop. According to the development plan for the three countries where Fourlis Group operates IKEA stores, five (5) new medium-size IKEA stores of 5.000 - 12.000 sq.m. and ten (10) small-size stores of 1.000 – 2.000 sq.m will open the next five years.

Education and training of human capital, the constant and fair evaluation in all levels as well as dedication to the values of the Group - "Integrity", "Respect" and "Efficiency" – continue to compose major comparative advantages through which the Group aims to achieve its goals.

8. Fourlis Group – Major Threats & Uncertainties

a) Financial Risk Management

The Group is exposed to financial risks such as foreign exchange risk, interest rate risk and liquidity risk. The management of risk is achieved by the central Treasury department, which operates under specific guidelines set by the Board of Directors. The Treasury department identifies, determines and hedges the financial risks in cooperation with the Groups' subsidiaries. The Board of Directors provides written instructions and directions for the general management of the risk, as well as specific instructions for the management of specific risks such as foreign exchange risk and interest rate risk.

Foreign Exchange Risk:

The Group is exposed to foreign exchange risk arising from transactions in foreign currencies (RON, USD, TRY, SEK) with suppliers which invoice the Group in currencies other than the local. The Group, in order to minimize the foreign exchange risk, according to the needs, in certain cases pre - purchases foreign currencies.

Interest rate risk/liquidity:

The Group is subject to cash flow risk which in the case of possible variable interest rates fluctuation, may affect positively or negatively the cash inflows or outflows related to the Group's assets or liabilities.

Cash flow risk is minimized via the availability of adequate credit lines and cash. Also, the Group has entered into Interest Rate Swap (IRS) contracts in order to face interest rate risk.

Coronavirus spread risk:

The Group carefully monitors the events regarding the spread of coronavirus, in order to adjust in the special conditions arising exclusively for the treatment and restriction of spread of coronavirus COVID-19. There is a plan for the going concern of its operation in compliance with the exisitng legislation. Under tis context, precautious measures are taken for the safety of its employees, is prepared for the implementation of its going concern plan as well as it monitors and complies with obligations as enforced by the official instructions of the competent authorities on a national level. Given that the phenomenon is in full swing, its quantitave and qualitative consequences on the Group's operation are under assessment and will be presented in the Interim Financial Statements. Finally, the portfolio management service determines, estimates and hedges the financial risks and provides guidance for the managemtn of this specific risk, so as to provide protection to the investors

b) Legal Issues

There are no litigations or legal issues that might have a material impact on the Company and the Group's Annual Financial Statements for the period 1/1 - 31/12/2019.

9. Alternative Performance Measures (APMs)

Under the implemention of ESMA Guidlines (05/10/2015|ESMA/2015/1415), FOURLIS Group adopted as Alternative Performance Measure (APM) the earnings before taxes, interest and depreciation & amortization (EBITDA). Alternative Performance Measures (APMs) are used under the context of making decisions for financial, operational and strategic planning as well as for the assessment and publication of performance. Alternative Performance Measures (APMs) are taken into account combined with financial results which have been conducted according to IFRS and under no circumstances they do not replace them.

Definition **EBITDA (Earnings Before Interest, Taxes and Depreciation & Amortization)/ Operating results before taxes, financing, investing reults and total depreciation**= Earnings before tax +/- Financial and investing results (Total financial expenses + Total financial income + Contribution in subsidiaries' losses) + Total depreciation (property, plant and equipment and intangible assets). The amount most directly connected to this specific APM (EBITDA) is operating profits (EBIT) and depreciation. Operating profits are included in Income Statement and depreciation in Cash Flow Statement. More analytically, reconciliation of the selected APM and the financial statements of the Group for the corresponding period is as follows:

(amounts in thousand euros)

	Group Consolidated Results	
	1/1-31/12/2019	**1/1-31/12/2018**
Operating Profit	**35.831**	**30.212**
Depreciation/Amortization	30.752	14.057
Earnings before interest, tax, depreciation & amortization (EBITDA)	**66.582**	**44.269**

Depreciation/Amortization include amount of € 1.425 th. for the year 2019 as goodwill from property

evaluation (€ 0 in 2018).

Operating Profit without the impact of IFRS 16 in the year 2019 amount to € 33.026 th., Depreciation/Amortization € 13.249 th. and EBITDA € 46.275 th.

	Retail trading of home furniture and household goods segment (IKEA Stores)	
	1/1-31/12/2019	**1/1-31/12/2018**
Operating Profit	**26.349**	**22.974**
Depreciation/Amortization	13.344	9.160
Earnings before interest, tax, depreciation & amortization (EBITDA)	**39.693**	**32.134**

Operating Profit without the impact of IFRS 16 in the year 2019 amount to € 25.084 th., Depreciation/Amortization € 7.740 th. and EBITDA € 32.824 th.

	Retail trading of sporting goods segment (INTERSPORT and TAF Stores)	
	1/1-31/12/2019	**1/1-31/12/2018**
Operating Profit	**11.186**	**8.470**
Depreciation/Amortization	17.047	5.064
Earnings before interest, tax, depreciation & amortization (EBITDA)	**28.233**	**13.534**

Operating Profit without the impact of IFRS 16 in the year 2019 amount to € 9.666 th., Depreciation/Amortization € 5.328 th. and EBITDA € 14.994 th.

10. Social Responsibility and Sustainable Development

This Non-Financial Statement contains information on all the activities of FOURLIS Group on the following thematic aspects, as defined in Section 7 "Non-Financial Statement" of circular 62784/2017, in accordance with the provisions of law 4548/2018.

- Social and labor issues.
- Respect for human rights.
- Anti-corruption and issues related to bribery
- Environmental issues.

- Supply chain issues.

The content of this non-financial statement has been drafted by taking into consideration the requirements of the GRI Standards (2016 edition) as well as the ESG Information Disclosure Guide of the Athens Stock Exchange (https://www.athexgroup.gr/el/web/guest/esg-reporting-guide).

Material topics/Stakeholder engagement [Indicator A-S1, Indicator A-G2, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47]:

In the context of the continuous improvement of the approach to social responsibility and sustainable development issues, the Group conducts a materiality analysis to prioritize the topics that present the most significant economic, social and environmental impacts, as well as those that have a significant impact on its stakeholders.

The Group recognizes as stakeholders those who have an impact or are affected by its activities. Having identified and prioritized its stakeholders, the Group invests in continuous and two-way communication with them, in order to maintain a consistent flow of information from and to the Group, about their requests, concerns and expectations. The main stakeholder groups of the Group are: employees, shareholders / institutional investors, financial analysts, customers, suppliers / partners, wider society, local communities, government and supervisory authorities / state, business community / associations, media, NGOs and competitors. The Social Responsibility and Sustainable Development Report 2018 (pp. 23-25) includes a description of the stakeholder groups and the engagement method, as well as of the frequency at which the Group communicates with its stakeholders.

The methodology used for the materiality analysis is based on the GRI Standards. The Social Responsibility and Sustainable Development Report 2018 (p. 26-31) includes a description of all the steps of the materiality analysis, as well as the material topics derived through that process.

The Group's Annual Social Responsibility and Sustainable Development Report for 2019, which will be published in June 2020 and will be posted on the website www.fourlis.gr, will also include the results of the new materiality analysis.

a) Brief description of business model

The Group, (headquarters located at 18-20 Sorou Street, Building A, 15125Maroussi), is one of the largest trading groups of consumer goods in Greece, Cyprus, Bulgaria, Romania and Turkey, in the following business activity fields:

- **Retail trading** of home furniture and household goods through the **IKEA** stores in Greece, Cyprus and Bulgaria.
- **Retail trading** of sporting goods through the **INTERSPORT** stores in Greece, Cyprus, Bulgaria, Romania and Turkey and **The Athlete's Foot** stores in Greece and Turkey.

The aforementioned activities are complemented by online stores (e-commerce), while, in the context of exploiting synergies between the Group companies, the storage and distribution services for both sectors and for all countries are provided by TRADE LOGISTICS S.A., a Group's subsidiary.

The Group's parent company's (FOURLIS HOLDINGS S.A.) activity is the investment in domestic and foreign companies of all types, regardless of their objectives and corporate form.

More information regarding the business environment, strategy, objectives and main progress and factors that could influence the Group's development, are available in the following chapters of the Group's Board of Directors' Annual Report:

- 4. Operating performance-Important developments
- 7. Information about the Group's plan of development
- 8. Major threats and uncertainties

as well as in the following chapters.

b) Main non-financial risks

In the context of our approach to sustainable development, the Group consistently identifies and prioritizes the topics that are linked to its activities and may cause negative impacts to its stakeholders and to the wider society and the environment in the countries where it operates.

At Group level, the Internal Regulation of Operations describes the organizational structure, the risk management system and the internal control system. The company's Board of Directors is responsible for monitoring the risk management system. The responsibility for risk management lies with the Group Management. Specifically, in the area of Sustainable Development and in particular in the Group's Social Responsibility and Sustainable Development Report for 2019 (pp. 28-31) the Group's sustainable development material issues are described, including information on the potential risks associated with them.

c) ESG Strategic Objectives [Indicator A-G3]

Indicative examples of performance goals, for the coming years, on the material issues included in the 2018 Social Responsibility and Sustainable Development Report are:

- **Creating and distributing value to stakeholders**: Maintaining donations and sponsorships at 2019 levels.
- **Regulatory compliance and business ethics**: Full compliance with relevant legislation and zero major fraud or corruption incidents.
- **Creating employment**: Increasing the number of employees according to the Group's business plans.
- **Protection of Human Rights**: Maintain zero incidents of human rights violations in the Group.
- **Investing in employee training and development**: Training and development of employees with the aim of continually improving their knowledge, skills and abilities, both for their personal development and for achieving the Group's goals.

- **Active and responsible social contribution**: Expansion of the Group's active and responsible social contribution programs, with the aim to bring benefits to as many social groups as possible.
- **Compliance, labeling and responsible product communication**: Maintain a level of full compliance with regulations and voluntary codes, regarding product labeling and responsible communication.
- **Customers and visitors' health and safety assurance**: Maintain zero incidents of non-compliance with regulations and voluntary codes relating to client and visitor health and safety issues.
- **Protecting the health, safety and well-being of employees**: Reducing the rate of injuries, occupational diseases, lost work days and unjustified absences.

d) Social & labor issues

A. Social Issues

1. Health & safety of customers, business partners and visitors at our facilities

Corporate policies and due diligence

The Group, in compliance with the applicable legislation, implements a Health & Safety Policy that is applicable to all its subsidiaries and to all countries where it operates. It includes a wide range of relevant procedures, measures and initiatives related to the safe stay of visitors, customers and business partners at its facilities. Any variations in the Group's relevant procedures by country or region, depend on the size of the facilities, as well as on the existing legislation in the countries where the Group's companies operate.

In this context, some of the practices we apply at the Group are the following:

- Cooperation with an external service provider on accident protection and prevention.
- Written occupational risk assessment, according to existing methodology and legislation.
- Measures taken for reducing "emergency pick" incidents, in order to prevent accidents at the IKEA stores.
- Training of First Aid Teams.
- Training of Fire Safety and Firefighting Teams.
- Infirmaries equipped with medical beds and automatic external defibrillators in all the IKEA stores, as well as in the TRADE LOGISTICS AEBE distribution center.
- Provision of wheel chairs at the entrance of all the IKEA stores, as well as of accessible lavatories and parking spaces, aiming to provide safe accommodation and transportation for people with disabilities.
- Certification according to ISO 22000 for the safety of the food served at the IKEA stores in Greece and Cyprus. The IKEA store in Bulgaria is under certification process.

We regularly train employees, in order to respond to emergency incidents that can affect both their own and visitors' safety at our facilities. Also, in an effort to ensure compliance with the Health & Safety Policy, regular inspections are conducted by safety technicians, in all Group activities.

Outcome of the above policies and non-financial key performance indicators

In the context of our policy, all Health and Safety incidents occurring within the Group's premises and stores are reported, while a Safety Report is compiled for each store, as well as a consolidated one for all of them. The report includes information not only on the number and type of incidents, but also on the way they are addressed. Through these reports we are able to receive useful information on our policies' effectiveness and to improve our practices, where and if needed.

In 2019, the implementation of our policies on Health & Safety topics had significant outcomes. We indicatively mention that:

- No accidents occurred in the playgrounds of the IKEA stores.
- There were no incidents of non-compliance with legislation concerning Health & Safety [GRI 416-2].

2. Product compliance, labeling and responsible product marketing and promotion

I. Product compliance and labeling

Corporate policies and due diligence

The Group manages this topic through the compliance of the products sold by its companies in all the countries where it operates, with manufacturer and supplier specifications, with European and/or national legislation, as well as with all existing laws and regulations concerning their labeling and use (e.g. CE approval).

- **IKEA:** IKEA products have special labeling and indications aiming to provide information and advice to customers regarding the products' manufacturing details, the cases where a product must be used only by adults, size, etc. It is also worth mentioning that at IKEA, a perennial product guarantee is offered, which in some cases reaches 25 years; IKEA also adheres to and applies a product withdrawal policy. If necessary, and depending on the importance of the incident, the withdrawal case is publicly disclosed.
- **INTERSPORT & The Athlete's Foot:** The Commercial Department of INTERSPORT and The Athlete's Foot, which is responsible for product compliance, oversees adherence to market regulations, as well as the European Union CE labeling. The products hold special labeling and indications in order to provide information and advice to consumers regarding their use, as well as information concerning the manufacturing of the products, etc. Both INTERSPORT's and The Athlete's Foot's policies focus on the inclusion of terms in their contracts with suppliers, which stipulate the compliance with all applicable regulations and laws, regarding the products that the company buys from them. In cases of defective products, the company immediately proceeds to their withdrawal and repair and initiates all the necessary procedures in order to inform all the pertinent institutions, such as the Ministry of Commerce, consumers' associations and consumers in general, via a specific press release.

II. Responsible product marketing and promotion

Corporate policies and due diligence

For the advertising and promotion of the Group's IKEA products, the company follows in all countries where it operates, the communication code applied by IKEA worldwide, as well as all conduct, marketing and communication codes and the market regulations that is obliged to comply with, while also taking into consideration local needs. Regarding the promotion of the IKEA products, the company's policy is adapted to local consumer needs and specificities. For this reason, the setup of the IKEA stores varies according to their location, in order to meet local community's standards and local culture.

Respectively, INTERSPORT's marketing and communication strategy is set in accordance with its vision, which is to *bring Sports to the people*, whereas The Athlete's Foot's strategy is set according to its own vision, which is to *bring style to sports*, while always having as a principle the consumers' needs and particularities. Both companies' marketing strategies focus on two areas: Corporate communication and product promotion. The product communication and promotion methods chosen by the companies include various mass media such as tv, radio broadcasting and online advertising, while they respect all codes of conduct, marketing and communication, including market regulations that they are obliged to adhere to, in all the countries where the company operates.

Outcome of the above policies and non-financial key performance indicators

- There were no incidents of non-compliance concerning product and service information and labeling [GRI 417-2].
- There were no cases of non-compliance with regulations and voluntary codes regarding marketing communication, including advertising, promotion and sponsorships [GRI 417-3].

3. Personal data protection

The Group adheres not only to the European Legislation, but also to the local legislations of the countries where it operates, regarding personal data protection of the parties who transact with the Group. Respecting privacy is a core element of both the Code of Conduct and the Internal Labor Regulation.

Corporate policies and due diligence

At the Group, we value the trust of all those who enter into a transaction with us and we have designed and implement a personal data and sensitive personal data protection policy for all natural persons (visitors, business partners, customers, suppliers, current, former and candidate employees). We make sure to protect, with due diligence, all personal information we collect for business needs, after obtaining legal consent, and to safeguard the rights of natural persons, in accordance with the existing legislation and Data Protection Authority guidelines (GDPR), in all countries where the Group companies operate.

It is worth mentioning that all the Group employees in all counties where it operates, have received training in GRDP issues, either via classroom seminars or via e-learning. GDPR training is also part of the induction program for new employees. Compliance with the relevant legislation and data security is examined at Group companies Board of Directors level.

Outcomes of the above policies and non-financial key performance indicators

- Unrestricted application of policies and procedures in relation to personal data protection.
- The Competent Authority has not ascertained any violation of the provisions of the GDPR and Law 4624/2019 [GRI 418-1, Indicator C-G3].

4. Society and local communities support

Corporate policies and due diligence

At FOURLIS Group we work daily for the realization of our common commitment and vision: *the establishment of the preconditions for a better life for all*. In this context, we seek to be in constant connection with the citizens and the wider society in the countries where we operate, aiming to be informed about their needs and to understand them.

Then, we evaluate and prioritize them in order to design programs and actions that are in line with our Group Principles and Values, which respond to the most important of these but also to those aligned with the strategy and nature of our activities. These programs and actions focus mainly on supporting vulnerable social groups as well as children.

Outcomes of the above policies and non-financial key performance indicators

The following are some of the most significant programs and actions implemented during 2019 to support society. Additional information will be included in the Group's annual Social Responsibility and Sustainable Development Report, which will be published in June 2020 and will be uploaded to www.fourlis.gr [GRI 413-1].

- "Furnished With Joy" Program, through which HOUSEMARKET S.A. (IKEA stores in Greece) has fully equipped 6 municipal kindergartens, in cooperation with the Municipal Authorities, which host more than 380 children, in various regions of Greece. Respectively, H.M. HOUSEMARKET (Cyprus) Ltd (IKEA Cyprus stores) has fully equipped 3 public and community kindergartens in Cyprus, which accommodate more than 70 children.
- Collaboration of IKEA with the non-profit organization "Make a Wish" Greece, for donating equipment, in order to fulfill the wishes of the children supported by the organization.
- Meals donation to foundations and organizations in Greece from the IKEA stores' restaurants, in collaboration with the non-profit organization "BOROUME", as well as to organizations in Cyprus from the local IKEA store.

- "We Reach Everywhere" program, through which INTERSPORT offered free sports equipment to 25 remote Public Elementary Schools in the regions of Marathona, Rafina and Mandra , for more than 3,500 students.
- Collaboration with the organization "GIVMED" for medicines donation to vulnerable social groups, by the Group employees in Thessaloniki, Ioannina and Larissa.
- Support of the "DIAZOMA" Association, the Non-Profit Association "OPHELTES-THE FRIEND OF NEMEA", the "Society for the revival of Nemean Games" and of the "ELLINIKI ETAIRIA Society for the Environment and Cultural Heritage", via FOURLIS HOLDINGS S.A.
- Implementation of actions, from HOUSEMARKET Bulgaria EAD (IKEA Bulgaria stores), for supporting children from vulnerable social groups. In 2019 the company:
  - donated the total proceeds from the sales of SAGOSKATT plush toys to support UNICEF programs for children,
  - provided equipment to 5 non-profit organizations supported by UNIFEC and acted to support vulnerable social groups,
  - continued the "Together from Kindergarten" program equipping 2 kindergartens, that accommodate more than 300 children,
  - provided furniture and refurbished spaces of the "CONCORDIA" day care center for children,
  - fully equipped a study and socializing space for students in cooperation with the union "Students in Action" and,
  - continued equipping municipal lending libraries.
- Conducted a voluntary blood donation which was held twice during 2019, at the Group companies' premises in Greece, Cyprus and Bulgaria.
- Donation of food and other essential supplies, by FOURLIS Group employees, to various foundations and organizations in Greece, Cyprus, Romania and Bulgaria.
- Organized a Volunteer day with the participation of the Group employees in Attica, Thessaloniki, Larissa and Ioannina, in support of the work of the organizations "Make a Wish"-Greece and the Parents Association for Children with Neoplastic Diseases "FLOGA".

B. Work related issues

1. Employment

Corporate policies and due diligence

FOURLIS Group is its People, all those who support its operations on a daily basis. Our approach to employment and our relationships with our employees directly affect their performance, retention and development, while these issues are also significant for our Group's long term sustainability.

Our Policy's main pillars, in relation to recruitment and professional development of our Human Resources, are:

- Common recruitment evaluation criteria for all the Group's companies, to ensure equal opportunities and to fight discrimination.
- Provision of equal development opportunities to all Group employees, through internal transfer and promotion processes.
- The compensation and benefit policy, which is based on the financial results of the Group, on the employee's Performance Appraisal conducted on an annual basis and on retail market trends in relation to compensations.
- Taking into consideration the balance when it comes to gender, nationality, religion, political or other opinions, as well as issues such as disability, sexual orientation, etc. during the selection and development processes of our employees, as well as in the compensation and benefits policy.

When in any of our companies there are job openings, those are readily covered either via internal transfer/promotion of employees (through the Open Resourcing Policy), or via a direct transfer/promotion of an employee (for Executives), or via a new recruitment.

Outcomes of the above policies and non-financial key performance indicators

On 31/12/2019, the Group's total number of employees was 4,198.

FOURLIS Group: Total workforce by region and gender (temporary and permanent, full-and part -time)

2019			
Region	**Men**	**Women**	**Total**
Greece	1,178	1,344	2,522
Cyprus	228	190	418
Romania	222	234	456
Bulgaria	204	294	498
Turkey	182	122	304
Total	**2,014**	**2,184**	**4,198**

2019
52% women in Group's total workforce
35% women in manager/supervisor positions of FOURLIS Group
22% women in the Board of Directors of FOURLIS Group

2019 [C-S3]	
Voluntary mobility indicator	28.19%
Non-voluntary mobility indicator	2.53%

2. Employee training and education

Corporate policies and due diligence

At the Group we believe that the employees' need for training is continuous and ever increasing, as the competition and the current market demands are constantly generating new training and educational needs. For this reason, the training of each Group employee begins upon his/her recruitment, while ensuring the continuous training and education of employees is achieved through adherence to the training plan drawn up at the completion of the annual Performance Appraisal.

Outcomes of the above policies and non-financial key performance indicators

The first training program for every Group employee is an induction program, through which we make sure that all the newly hired employees are informed about the Group's Structure, Values, Code of Conduct and Internal Regulation Charter of each company. This program is implemented both in classroom and via e-learning.

In addition, in 2011 the "Learning Academy" was established in which all of the Group employees are members, participating in programs depending on their role and their needs for personal development.

In the context of the Academy, the FOURLIS Retail Diploma program was launched in 2016. The program was created with the main objective to provide high level knowledge from University Professors and Senior Executives of both the market and the Group, in a range of fields mainly focusing on Retail Management.

Employees from all the Group companies and from all countries where it operates, participate in the program. By the end of 2019, the program has been attended by a total of 60 employees from all countries where FOURLIS Group operates and 30 of them have graduated.

It is also worth mentioning that since 2008 we have adopted an annual Performance Appraisal and Development Review process for all the Group employees, in order to ensure that the evaluation process is and will remain transparent.

The performance Appraisal and Development Review, which includes both the assessment of the agreed measurable objectives and the employees' skills and behavior, is conducted once a year for all employees in all the Group companies [GRI 404-3].

More information and data on the results of the Group's employee training and education policies, will be included in the Group's Annual Social Responsibility and Sustainable Development Report for 2019.

3. Employee health, safety and wellbeing at work

Corporate policies and due diligence

Given that the creation of a safe and healthy work environment is a fundamental principle for the Group, as it is also depicted in its Values, not only we follow the clauses of the relevant labor legislation in all the countries where we operate, but we also assess potential risks we may face and thus we take the necessary measures in order to prevent potential accidents.

An important priority for us is to safeguard compliance with the Health & Safety Policy by carrying out intensive inspections led by safety technicians in all the Group companies' facilities, and by having the safety technician conduct an occupational risk assessment study. At the Group, as a minimum prerequisite, we comply with the requirements of the local legislative frameworks and the "ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases". We also invest in the continuous and regular training of all our employees, so that they can respond to emergencies affecting their own safety but also our clients', visitors' and business partners' in our stores. Especially at the IKEA stores we have created internal Safety, Fire Protection and First Aid teams, while at the INTERSPORT and The Athlete's Foot stores, specific employees have been trained to be able to handle with relevant issues.

In addition, aiming to inform employees on health and wellbeing issues and to encourage them to adopt a healthier lifestyle, the Group's Social Responsibility Department implemented the EF ZIN (WELLBEING) program for the 9th consecutive year. In the context of this program, a number of actions are taking place every year, such as preventive medical examinations, informative speeches on health and wellbeing topics, sports tournaments, etc.

Outcome of the above policies and non-financial key performance indicators

- In 2019, the number of work related accidents for all the Group companies remained at the same low levels as in 2018.
- In addition, as a result of our overall management approach regarding Health & Safety topics in the workplace, in the latest biannual Employee Insight Survey conducted in 2018, the topic that gathered the highest satisfaction rate from our employees, was Safety.

- In 2019, in the context of the EF ZIN program, some indicative activities that took place were a sports tournament, as well as lipometry measurements in Greece and Cyprus and Mediterranean Nutrition program in collaboration with dietitians and nutritionists in Greece, Cyprus and Bulgaria.

Below are the benefits offered to full-time and part-time employees (not seasonal employees), based on significant operating location throughout FOURLIS Group.

	GREECE		CYPRUS		ROMANIA		BULGARIA		TURKEY	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Life Insurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Health Care	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Disability and Inability Coverage	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Parental Leave	*	*	*	*	*	*	*	*	*	*
Retirement Provision**	✓	✓	✓	✓						
Stock Option Plan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

** Parental leave is granted based on relevant law.*

*** No retirement benefits are offered in Romania, Bulgaria and Turkey, as this is not a common practice in these countries*

More information on the results of Group's employees' Health and Safety policies will be included in the Group's annual Report on Social Responsibility and Sustainable Development for 2019.

e) Respect for Human Rights

Corporate policies and due diligence [Indicator C-S5]

At the Group we approach the issues of respect and protection of Human Rights in a systematic way through our policies and initiatives. This effort is comprised of:

- Our participation to the UN Global Compact, through which we commit to uphold the respective Principles such as those relating to the respect of freedom of association, the abolishment of child and forced labor and discrimination in the workplace and our supply chain.
- The Internal Labor Regulations.
- The Code of Conduct.
- The Health & Safety Policy.
- The responsible product policies of our Group's subsidiaries.

Outcomes of the above policies and non-financial key performance indicators

All Group employees have signed, independently of their position in the corporate hierarchy, the detailed or concise version of the Code of Conduct, (the concise version is available on the website www.fourlis.gr).

In addition, the Code of Conduct Line of the Group is available 24 hours a day and anyone may call the Line, in order to report (anonymously or not), any concerns related to Code of Conduct violations or non-compliance with the legislation. For the period 1/1-31/12/2019 no incident was reported in relation to human rights abuses or/and violations and no discrimination incident also based on gender, religion, age, disability, nationality etc., including harassment throughout the Group's activities [GRI 406-1].

f) Anti-corruption and issues related to bribery

Corporate policies and due diligence [Indicator C-G2]

Aiming to fight corruption, bribery and fraud, the Group has established and implements:

- Corporate Governance Code: The Company has decided, through the Board of Directors' decision in 28/2/2011, to voluntarily comply with the Greek Code of Corporate Governance for Listed Companies. The Code is adapted to the Greek legislation and business reality and constitutes a best practices standard for corporate governance. It aims at enhancing Greek companies' transparency and increase the investors' confidence both on listed companies overall, as well as in each one individually, while it broadens the horizons to attract investment capital.

- Code of Conduct: The Code of Conduct focuses on creating a work environment that promotes respect and protection of Human Rights. Through the Code, the Group promotes and applies a policy of equal opportunities for all employees, as well as a policy that prohibits sexual harassment, in full compliance with labor legislation. Furthermore, the Group's violence prevention in the workplace policy, as it is set out in the Code, strictly prohibits acts of violence, threatening messages or behavior and the use or possession of weapons by any person in the workplace or during any transactions with external business partners. All Group employees are obliged to adopt and implement the Code of Conduct.

- Code of Conduct Line: The Group Code of Conduct Line is available 24 hours a day and anyone can call in order to report, anonymously or not, any concerns related to Code of Conduct violations or non-compliance with the legislation. The Code of Conduct line is accessible via mobile phone or fixed line at (+30) 210 6293010, or via sending email at the email address: codeofconduct@fourlis.gr.

- Internal Regulation Charter: The Internal Regulation of Operations of the parent company of the Group (FOURLIS HOLDINGS S.A.) is approved by the Board of Directors. It describes the organizational structure, the risk management and the internal audit system. It includes the basic principles of operation and the relevant procedures, while also describes the composition and responsibilities of the Audit Committee, the Nomination and Remuneration Committee and the Internal Audit Department. Additionally, it contains the basic principles of the transaction Code for its securities and compliance with the applicable legislation.

- Audit Committee: The Audit Committee, which is defined by the shareholders' General Assembly, has indicatively the following obligations:
  - Monitoring the financial reporting process and credibility of financial statements.
  - Supervision of any formal announcement regarding the financial performance of the company and examination of the company's key announcements.
  - Monitoring the effectiveness of internal control and risk management systems.
  - Ensuring the independence of the internal audit and the internal audit unit.
  - Examining cases of interest conflicts.
  - Monitoring the progress of statutory audit.
  - Reviewing and monitoring issues related to the existence and maintenance of objectivity and independence of the external auditor.
- Internal Audit Department: The Group's Internal Audit Department is organized in a way that allows it to carry out an independent, confirmative and advisory role and designed to add value and improve the company's processes. The Department supports the Group to achieve its objectives through assessment, which contributes to the improvement of the corporate governance, internal audit and risk management systems. The Audit Committee is the supervising body of the Internal Audit Department and it informs on a quarterly basis the Board of Directors of the parent company about the work that is being implemented.

- Nomination and Remuneration Committee: The Nomination and Remuneration Committee is responsible for the procedure of electing Board members, selecting Senior Executives and preparing proposals for the Board of Directors regarding the remuneration (basic salary, bonuses or financial incentives and benefits) of Executive Directors and key senior executives. Topics related to variable fees, will be included in the Compensation Report (according to art. 112, law 4548/2018) which will be submitted for discussion at FOURLIS HOLDINGS S.A. General Shareholders Assembly on June 2020. Then, it will be posted on the website www.fourlis.gr [Indicator A-G4].
- A specific procedure for informing the Senior Management and the Internal Audit Department on any fraud or corruption incident.
- Supervision of Sustainable Development: The sustainability topics are discussed at least once a year in the Executive Committee, where executives of the Group companies as well as Executive Board Members participate and who then notify these sustainability topics to the rest of the Board Members in order, based on the materiality analysis results, to define priorities and relevant targets [Indicator C-G1].

<u>Outcomes of the above policies and non-financial key performance indicators</u>

While implementing the Senior Management informational procedure for addressing fraud and corruption incidents, during the period of 1/1-31/12/2019, three (3) cases of limited-scale fraud with non-material financial scale were recorded. These incidents were identified by the Group's companies' internal controls processes and were assessed as non-significant.

In all cases, all the necessary measures have been implemented. There was no other notification or complaint relating to corruption or bribery incidents that the Group's Management is aware of.

g) Environmental issues

<u>Corporate policies and due diligence</u>

At FOURLIS Group, even though the environmental issues did not result as a material issue through the materiality analysis process, we regularly monitor the impacts of our operations and we implement a number of voluntary actions and interventions, aiming at the reduction of our environmental impacts, the protection and recycling of natural resources, as well as the employees and the general public awareness raising, regarding environmental protection and the adoption of a responsible lifestyle. The annual results of the practices we implement, are included in the Group's annual Social Responsibility and Sustainable Development Report, as well as in the Group's Communication on Progress Report, regarding the adherence to the ten Principles of the UN Global Compact.

<u>Outcomes of the above policies and non-financial key performance indicators</u>

The data we monitor at our facilities, where possible, include:

- Energy consumption: Electricity (kWh), Heating oil (lt), Natural Gas (m^3)
- Water consumption (lt)
- Carbon emissions (CO_2e)
- Recycling of materials (within the Group), such as: Paper (kg), Batteries (kg), Cooking fat (lt), Lamps (kg), Aluminum (kg), Glass (kg), Plastic (kg), Metals (kg), Timber (kg).

<u>Energy</u>

ENERGY CONSUMPTION (FOURLIS GROUP IN TOTAL)

2019	
Electricity (kWh): 52,035,864*	
Heating oil (lt):	57,916

Natural gas (m^3):	630,514

**With the exception of FOURLIS A.E. HOLDINGS (Fourlis Group Headquarters).*

- CARBON EMISSIONS: Since 2012, TRADE LOGISTICS S.A. calculates its CO_2 emissions for all of its operations, aiming to find the most compatible solutions for emissions reduction. The results for 2019 will be available in the Group's 2019 Social Responsibility and Sustainable Development Report, which will be published in June 2020**.**
- PHOTOVOLTAIC SYSTEMS: Since 2013, TRADE LOGISTICS S.A. has installed and operates a photovoltaic system of 1,400 MWh average annual capacity for producing electricity, on its building's roof. In 2019, the total electricity production was 1,436 MWh. In addition, during the same period, 1,289 metric tons of CO_2e were not released into the atmosphere, due to the fact that the electricity from the photovoltaic park is produced from renewable energy sources.

Respectively, HOUSEMARKET S.A. is in the process of implementing the installation of electric power generation systems on its buildings' roofs, with the aim to maximize the use of installations that do not further burden the environment. In this context, in 2019, the process of installing a photovoltaic system with offsetting, in IKEA Cyprus store, was completed and is expected to start its operation during 2020.

LAMPS REPLACEMENT PROGRAM: In 2019, INTERSPORT continued the replacement program of high-consumption lamps with LED bulbs in INTERSPORT and The Athlete's Foot stores. The program will continue during 2020. At the same time, the stores that are renovated are equipped with energy-efficient technology air conditioners.

Materials

Recycling of materials (FOURLIS Group in total)

	2019
Paper (kg):	**2,161,563**
Batteries (kg):	**4,334**
Cooking fat (lt):	**20,237**
Lamps (kg):	**1,485**
Aluminum (kg):	**470**
Plastic (kg):	**108,963**
Metals (kg):	**20,750**
Timber (kg):	**114,898**

It is worth mentioning that since September 2016, HOUSEMARKET S.A. (IKEA stores in Greece) has proceeded with the implementation of a system of electronic archiving of invoices and credit copies, with significant paper-saving benefits. It is worth mentioning, that via this practice, it is estimated that, in 2019a total of 752,140 A4 pages were not used for printing purposes in stores, the e-shop and the IKEA Pick-Up and Order Points.

A similar practice is implemented at INTERSPORT Greece, and since November 2017 the sales voucher copies are electronically archived, an intervention which in 2019 resulted in the avoidance of printing 2,741,700 voucher copies.

In addition, in 2018, INTERSPORT Greece replaced cardboard boxes with boxes made out of reusable plastic for the transportation of its products from its central warehouse (TRADE LOGISTICS) to its stores in Attica and Thessaloniki. Through this initiative, which was also implemented during 2019, it is estimated that approximately 140,000 cardboard boxes were not used.

Water

Water consumption (FOURLIS Group in total *)

2019
127,145,858 (lt)

* FOURLIS HOLDINGS S.A. (FOURLIS Group Headquarters) as well as INTERSPORT stores in Bulgaria, INTERSPORT & The Athlete's Foot in Turkey and IKEA Pick-Up and Order Point in Heraklion, Crete, are excluded.

Eco-friendly products

IKEA offers eco-friendly products, such as:

- The MÄSTERBY step stool made of 100% recycled plastic.
- The MARIUS stool made out of 40% recycled steel.
- The BJÖRNÅN bathroom curtain which is made of 100% recycled polyester originating from plastic PET bottles.
- The IKEA mirrors which are 100% lead-free.
- JOFRID curtains, throws and cover pads that get their deep color from natural dyes found on plant leaves from agricultural crops, which would otherwise be left untapped. The dyeing process with natural dyes requires less water, energy and chemicals than the conventional methods.
- The rechargeable LADDA battery that is already charged and can be recharged up to 1,500 times.
- LED bulbs and lamps with embedded LED bulbs.
- All mixer taps which have water and energy saving mechanism while maintaining water pressure.

- The salmon served in the IKEA Restaurant and sold by the Swedish IKEA food market, which is farmed from responsible aquaculture certified according to the ASC standard.
- Seafood served in the IKEA Restaurant and sold in the Swedish IKEA food market, which is caught from sustainable fisheries certified according to the MSC standard.
- IKEA chocolate and coffee which are UTZ certified. This means that both the cocoa and the coffee are sourced from sustainable farms that create better living opportunities for the producers and their families.
- Flat packaging that reduces pollutant emissions from transport - from factory to store and from store to home while also reduces transport costs.

Information in relation to revenues from eco-friendly products sales is classified as confidential by the company and therefore is not published [Indicator A-S5].

h) Supply chain issues

FOURLIS Group seeks to continuously improve its relationship with suppliers by communicating the terms of cooperation and the key framework of principles and values that govern their partnership. The Group's business continuity is critical to the continuous delivery of high-quality products and services. The Group aims to maximize the client satisfaction and develop mechanisms, aimed at identifying and responding to situations that may adversely affect the business continuity of its critical operations, such as the availability of its products. In order to ensure business continuity, the Group assesses its weaknesses and investigates threats that may affect its business model and are related to its supply chain and takes relevant precautionary measures. Under this context, the Group will take into consideration all possible consequences from coronavirus spread, in order to adjust in the special conditions arising exclusively for the treatment and restriction of its spread.

Concerning its supply chain FOURLIS Group is in the process of evaluating the possibility of implementing within the next 3 years, the following practices:

- Incorporation of FOURLIS Group Code of Conduct into its supplier contracts.
- Integrate ESG criteria during the selection and evaluation of potential and existing suppliers.

The main supply chain services provider for the Group is TRADE LOGISTICS. TRADE LOGISTICS' (TRADE LOGISTICS S.A.) purpose is to provide supply chain services, like the receipt, storage and transport of goods, the creation of promotional and other packaging, the supply of business units and the management of all relevant information. More specifically, its activities are:

1. Storage and distribution services for the below stores:
   - IKEA in Greece, Cyprus and Bulgaria
   - INTERSPORT in Greece, Cyprus, Romania, Bulgaria and Turkey (central warehouse)
   - The Athlete's Foot in Greece and Turkey
2. Delivery of e-commerce orders directly to the customers in Greece for:
   - IKEA's e-shop (www.ikea.gr) and

- INTERSPORT's e-shop (www.intersport.gr)

The company, with its specialized and experienced personnel, the use of technology and the adoption of innovative methods in the Logistics field, aims at the proper operation of all storage and delivery procedures, as well as at the development of its activities.

11. Related parties transactions

As Related parties are considered the Company, the subsidiary companies, the associate companies and joint ventures, the Management and the first line managers and their connected individuals and legal entities (IAS 24). The major transactions, which were eliminated for the purposes of consolidation of financial statements between Group companies, are mainly selling goods among companies in the same segment and logistics services - supply, maintenance - repairs and management fee.

Detailed information on the related parties' receivables/ payables for the Group and the Company for the period 31/12/2019 and 31/12/2018 is analyzed as follows (all amounts in th. euros):

		Group		Company	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018
Receivables from:	HOUSE MARKET SA	0	0	6.488	5.250
	H.M. HOUSE MARKET (CYPRUS) LTD	0	0	26	17
	INTERSPORT SA	0	0	654	851
	INTERSPORT (CYPRUS) LTD	0	0	3	5
	RENTIS SA	0	0	2	2
	GENCO TRADE SRL	0	0	21	156
	GENCO BULGARIA	0	0	6	12
	HOUSE MARKET BULGARIA AD	0	0	37	43
	INTERSPORT ATLETIK	0	0	675	504
	TRADE LOGISTICS SA	0	0	24	23
	VYNER	140	140	0	0
	TRADE STATUS SA	111	119	111	118
	SOFIA SOUTH RING MALL AED	6	0	0	0
	SW SOFIA MALL ENTERPRISES LTD	94	96	0	0
	TOTAL	**351**	**355**	**8.047**	**6.980**

		Group		Company	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018
Payables to:	INTERSPORT SA	0	0	3	0
	TRADE LOGISTICS SA	0	0	1	1
	TRADE STATUS SA	1	1	0	0
	SOFIA SOUTH RING MALL AED	0	3	0	0
	Management members	60	38	60	38
	TOTAL	**60**	**42**	**64**	**39**

Third Parties transactions for the period 1/1 to 31/12/2019 and for the period 1/1 to 31/12/2018 are analyzed as follows:

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Revenue	64	95	4.424	4.288
Other income	17	0	1.149	1.080
Dividends	0	0	6.200	5.000
Total	**81**	**95**	**11.773**	**10.368**

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Administrative expenses	234	(241)	13	12
Distribution expenses	0	(0)	0	(0)
Total	**234**	**241**	**13**	**12**

During the years 2019 and 2018 the following transactions have been applied among FOURLIS HOLDINGS SA and the subsidiaries of the Group:

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Revenue	46.950	41.308	4.361	4.193
Cost of sales	32.567	29.146	0	0
Other income	2.385	2.245	1.145	1.080
Administrative expenses	5.109	9.072	12	11
Distribution expenses	11.659	5.293	0	0
Other operating expenses	0	43	0	0
Dividends	8.200	8.000	6.200	5.000

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Trade receivables	19.470	14.586	7.936	6.861
Inventory	281	281	0	0
Creditors	19.470	14.586	4	1

12. Human Recourses of the Group

The total number of employees of the Group as at 31, December 2019 and 31, December 2018 was 4.198 and 4.038 respectively. The total number of employees of the Company for the same reporting periods set above was at 100 and 95 respectively.

13. Treasury shares

On 31/12/2019, the Company does not hold any treasury shares but a treasury shares purchase program is in force following the resolution of the General Assembly on 14/6/2019. More specifically, for the acquisition of treasury (own) shares, the following terms and conditions apply: a) the maximum share number which is possible to acquire is 2.590.365 shares (5% of the paid share capital), b) the approval of the General Assembly applies for time period of 24 months and c) the

minimum acquisition limit is set at € 1,00 per share and maximum limit at € 8,00 per share.

On 6/3/2020, FOURLIS HOLDINGS S.A. pursuant to the resolutions of the Ordinary General Assembly of shareholders on 14/6/2019 and resolutions of the BoD on 13/1/2020, announces the beginning of the Treasury Shares Program in accordance with which the purchase of treasury (own) shares is provided up to the number of 2.590.365 shares until 14/6/2021, with minimum acquisition limit of € 1,00 per share and maximum acquisition limit of € 8,00 per share.

14. Explanatory report – information according to article 4 par. 7 of Law 3556/2007

a. The Company's share capital

The Company's share capital on 31/12/2019 amounts to € 42.124.018,41 (31/12/2018: € 47.144.655,74) and consists of 52.004.961 shares (31/12/2018: 51.807.314) of nominal value € 0,81 each (31/12/2018: € 0,91).

All the shares are common nominal shares, listed on Athens Stock Exchange (category "Medium Capitalization"). Each share entitles to one vote, with an exception of the number of own shares that do not have the right to vote.

The shareholders' responsibility is limited to the nominal value of the shares that they own.

b. Restrictions as to the transfer of the Company's shares

The transfer of shares of the Company is made as prescribed by law and there are no restrictions as to their transfer by the Company's Articles of Incorporation.

c. Significant direct or indirect shareholdings as prescribed by articles 9 - 11 of Law 3556/2007

On 31/12/2019, the following shareholders owned more than 5% of the voting shares of the Company:

- KEM DAFNI A. FOURLIS: (17,314%)

d. Preference shares

The Company does not have any preference shares.

e. Restrictions to voting rights

There are no restrictions to voting rights arising from the Company's Articles of Incorporation.

f. Shareholder agreements resulting in restrictions transfer of shares or to their voting rights

The Company is not aware of any Shareholder agreements resulting in restrictions to transfer of shares or to their voting rights as it is prescribed by the Company's Articles of Incorporation.

g. Rules for the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Incorporation which differ to those prescribed by Codified Law 4548/2018.

The rules for the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Incorporation do not differ to those prescribed by Law 4548/2018.

h. The Board of Directors' or of several of its members, roles for the issue of new shares or the shares buy back in accordance with article 49 of Law 4548/2018

A. According to Art 24 par 1 of Law 4548/ 2018 and the Art 4 par. 1 of the Articles of Incorporation of the Company, during a 5-year period from the Shareholders General Assembly resolution, the board of directors has the right, based on a majority of 2/3 of total members, to increase share capital through the issue of new shares for an amount that cannot exceed three times the paid-up share capital at the date that board was awarded the aforementioned right and this authority of the board of directors can be renewed from the general assembly with a resolution for a time spread that will not exceed 5 years for every granted. The resolutions of the general assembly for grant or renewal of authority for increase of the share capital from the board are subjected to publicity. Share capital increases that are decided according to the aforementioned (extraordinary increases) compose an amendment of Articles of Incorporation.

Moreover, in accordance with the provisions of article 25 par. 2 of Law 4548/2018 and article 4 par. 4 of the Company's Articles of incorporation, in case of a share capital increase, which is implemented by resolution of the general assembly, which is made with increased presence and majority (ordinary increase), the general assembly can authorize the Board of Directors to decide on the underlying price of the new shares. The validity period of the authorization is defined at the relative resolution of the general assembly and can not exceed one (1) year. In that case, the payment deadline of the capital in compliance with article 20 of Law 4548/2018 begins with the decision of the Board of Directors, with which the underlying price of the shares is determined. The authorization is subjected to publicity.

B. 1) The Extraordinary General Assembly of shareholders of the Company "FOURLIS Holdings SA" of 27/9/2013, acting under the provisions of paragraph 13 of Article 13 and paragraphs 3 and 4 of Article 29 and paragraph 2 of Article 31 of Law 4548/2018, decided the implementation of a stock option plan - hereinafter "Program A" - to executives of the Company and its affiliated companies within the meaning of paragraph 5 of article 42e of this Act and authorized the Board of Directors, to regulate procedural matters and details. The Board of Directors, under the terms of the plan and the law gives to recipients, who exercised their right, certificates of right to obtain shares and issue and deliver the shares to these recipients, increasing the share capital of the Company and certifying the capital increase. These increases in share capital are not amendments to Articles of Incorporation. The Board of Directors during the last month of the fiscal year within which capital increases occurred, as determined above, must adjust, with its resolution, the article of Articles of Incorporation regarding capital, so as to predict the amount of capital, as shown after these increases, made public in compliance with Article 7b.

Under the context of the implementation of the aforementioned Program A, within the year 2019,

197.647 options were exercised (hereinafter "the Options"). Following the resolution of the Board of Directors of 18/12/2019 (relative minutes of the BoD with number 408/18.12.2019), the exercise of the aforementioned options by their beneficiaries of the SOP was certified by payment of the exercise price of the new shares.

It is noted that the underlying price of shares to which distributed stock options correspond, was initially determined at the amount of € 3,40 per share, which was the closing stock price of shares on the date of the General Assembly's resolution regarding the Program (27.09.2013). Following the BoD resolutions of 20/11/2017, 19/11/2018 and 18/11/2019 (relevant minutes with number 389/20.11.2017, 399/19.11.2018 and 407/18.11.2019), a readjustment has been made at the historical share price of the Company, and therefore the exercise price implemented for the stock options is € 0,2226 (€ 3,2226) per share.

Following the certification of the exercise price payment of Options by their beneficiaries, namely the total amount of € 636.937,23, 197.647 new common nominal shares were issued and delivered towards their relevant beneficiaries of the Program, of nominal value € 0,81 per share while the share capital of the Company increased by the amount of € 160.094,07, which reflects to the nominal value of the new shares. Also, consequently to the exercise of the aforementioned Options by payment of the exercise value € 3,2226 per share, the share premium of total amount of € 476.843,15 was transferred to "share premium reserve".

The aforementioned change was registered to the General Electronic Commercial Registry (GECR) on 24.01.2020 (Code Registration Number 2062748), with the relevant 7890/24.01.2020 resolution of the Minister of Finance and Development.

2) The Ordinary General Assembly of shareholders of the Company "FOURLIS HOLDINGS SA" of 16/06/2017, acting under the provisions of paragraph 13 of Article 13 and paragraphs 3 and 4 of Article 29 and paragraph 2 of Article 31 of Law 4548/ 2018, decided the implementation of a stock option plan - hereinafter "Program B" - to executives of the Company and its affiliated companies within the meaning of article 32 of L. 4308/2014 as it stands and authorized the Board of Directors, to regulate procedural matters and details. The Board of Directors, under the terms of the plan and the law gives to recipients, who exercised their right, certificates of right to obtain shares and issue and deliver the shares to these recipients, increasing the share capital of the Company and certifying the capital increase. These increases in share capital are not amendments to Articles of Incorporation. The Board of Directors during the last month of the fiscal year within which capital increases occurred, as determined above, must adjust, with its resolution, the article of Articles of Incorporation regarding capital, so as to predict the amount of capital, as shown after these increases, made public in compliance with Article 7b.

No stock options were exercised within the year 2019 under the context of the aforementioned Program B.

Regarding programs that refer to new shares issue for the period 1/1 – 31/12/2019, more data are mentioned above, in the Board of Directors Report in paragraph 6 Stock Option Plan.

C) The Ordinary General Assembly of shareholders of the Company FOURLIS HOLDINGS S.A. on 14/6/2019, approved the purchase of treasury (own) shares from the company, up to the number of 2.590.365 shares (5% of paid up share capital) within 24 months since the approval, namely until 14.06.2021, with a minimum acquisition limit of € 1,00 per share and a maximum acquisition limit of € 8,00 per share, according to article 49 of Law 4548/2018 and authorized the Board of Directors of the Company to define, within the aforementioned contexts, the precise time, number and price of the shares to be acquired.

Until 31.12.2019, there has not been any treasury shares purchase while on 12/3/2019 it pocesses 12.738 treasury shares, percentage 0,0245 of the total number of the Company's shares.

i. Significant agreements that the issuer has entered into, which come into force, are amended or terminate in the event that there are changes in control due to public offering and the results of this

There are no agreements the Company has entered into, which come into force, are amended or terminate in the event that there are changes in control due to public offering.

j. Agreements that the issuer has entered into with members of the Board of Directors or its employees, which provide for indemnity in the event of termination or redundancy without cause due to public offering

There are no agreements that the Company has entered into with members of the Board of Directors or its employees, which provide for indemnity in the event of termination or redundancy.

16. Corporate Governance Statement for the period 1/1 – 31/12/2019

According to L. 4548/2018 article152, the Board of Directors of the Company declares the following:

a) Reference on the Corporate Governance Code which the Company is coming under or has voluntarily decided to comply with and the website that can be found.

The Hellenic Corporate Governance Council (HCGC) has been established at 2012 as a non-profit company with the joint initiative of Athens Stock Exchange and the Hellenic Federation of Enterprises (SEV). Since October 2018, the Hellenic Banking Association has become a regular member of the HCGC while, as of June 2019 Hellenic Fund and Asset Management Association is a regular Member of the HCGC.

The purpose of HCGC is incessant growth of Greek market's credibility among international and domestic investors and improvement of competitiveness of Greek companies. It operates as a specialized body for the expansion of the principles of the corporate governance and aims to develop the culture of good governance in Greek economy and society. Its general plan of action includes: formation of views regarding institutional framework, submission of proposals, participation in deliberations and working groups, organization of educational and informational activities, monitoring

and assessment of corporate governance practices and implementation of corporate governance codes, subscription tools supply and rating of Greek companies' performance.

HCGC, as a Non-Profit company, has Members, which are distinguished in Founding (Athens Stock Exchange and SEV), Regular (HBA, HFAMA), Participating and Other. HCGC's supreme body is the General Assembly (GA). HCGC is directed by Administration Council consisted of 7 members elected by the GA and has a term of 5 years. Besides the Administration Council, the HCGC also operates Corporate Governance Council, in which specialists from different sectors participate (audit, investment, business, supervision, legal, consulting, banking and stock market).

Since October 2018, a Working Committee has been established with the participation of representatives of Founding Members and the Regular Members (Athens Stock Exchange, SEV, HBA, HFAMA) with responsibilities to implement the action plan, organize other actions (conferences, events, promotional actions), find sponsors and other resources, as well as fulfill and implement other purposes of HCGC.

The Company, following its BoD resolution of 28/2/2011, has decided to voluntarily implement the Hellenic Corporate Governance Code which was conducted on the initiative of SEV (Hellenic Federation of Enterprises) and afterwards modified under the context of its first revision (28/6/2013) from Hellenic Corporate Governance Council (HCGC).

The Hellenic Corporate Governance Code is posted on the website of the Hellenic Corporate Governance Council at: http://www.helex.gr/el/esed.

The purpose of Hellenic Corporate Governance Code is the constant improvement of the greek institutional framework and general business environment, as well as the increase of investors' confidence not only towards the listed companies as a whole but also each one of them and the broadening of attraction horizons of investment capitals.

The Hellenic Corporate Governance Code contains two types of provisions: "general principles", which are addressed to all companies, listed or not and "special practices" which only refer to listed companies. The purpose of General principles is to provide a general framework within which principles can be addressed and more issues of corporate governance can be resolved, either of a listed company or not. Each principle is followed by one or more specific practices that further develop the general principles and guide their implementation within the regulatory and ownership structure of listed companies. The Code follows the approach of compliance or explanation and has the following demands of the listed companies which chose to implement it: the disclosure of their intention and either their compliance with all the specific practices of the Code or their explanation of the reasons leading them not to comply with these specific practices.

The general principles of the Code cover the following topics:

- Role and responsibilities of the Board
- Size and composition of the Board
- Role and profile of the Chairman of the Board

- Duties and conduct of Board members
- Nomination of Board members
- Functioning of the Board
- Board evaluation
- Internal audit system
- Level and structure of remuneration
- Communication with shareholders
- General Assembly of shareholders

b) Reference to the corporate governance practices implemented by the Company beyond the requirements of the Law and the website that can be found

Whenever Hellenic Corporate Governance Code refers to existing, mandatory legal rules present tense is used to distinguish these requirements from the voluntary practices of the Code.

Indicative, the following Corporate Governance practices applied by the Company and exceed the current provisions of the Law (Law 3016/2002, Law 3693/2008 ar. 37, Law 4403/2016 ar. 2, Law 4449/2017 ar. 44 and Law 4548/2018 wherever it covers the relevant topics):

- The Board of Directors consists of seven (7) to fifteen (15) Board Members. The BOD should comprise a majority of non-executive members (including independent non-executive members) and at least two (2) executive members. At least one third (1/3) of the Board Members consists of independent non - executive members, who are free of material conflict of interest with the Company and do not have any close ties with the Management, controlling shareholders or the Company.
- The Board of Directors is assisted by a competent, suitably qualified and experienced company Secretary who shall attend all its meetings. All Board Members have access to the services of the company Secretary, whose role is to provide practical support to the Chairman and other Board members, both as a group and individually, and ensure that the Board complies with internal rules and relevant laws and regulations.
- The Board of Directors has established a Nomination and Remuneration Committee which meets sufficiently regularly and ensures an efficient and transparent process for both the nomination of Board members and the formulation of policy and principles of the Company regarding the remuneration of executive Board members and key executives.
- The responsibilities of the Chairman are clearly established by the Board of Directors, clearly distinguished from those of the Chief Executive Officer and are reflected in the Internal Regulation of the company.
- The Board of Directors has appointed independent Vice-Chairman coming from its independent members given that the Chairman of the BoD has executive responsibilities.
- The Board of Directors, supported by Audit Committee, sets appropriate policies on internal

control and ensures that the system is functioning effectively. The Board of Directors also defines the process to be adopted for the monitoring of the effectiveness of internal control. This encompasses both the scope and frequency of the reports it receives from the internal audit services and reviews during the year, as well as the process for the annual assessment of internal control.

- The Chairman of the Board of Directors should be available to meet shareholders of the company to discuss eventual governance concerns. The Chairman of the Board of Directors should ensure that the views of the shareholders are communicated to the whole Board.
- The Audit Committee ensures the functioning of the internal control service according to international professional standards.

c) Description of the main characteristics of internal control and risk management of the company in relation to the process of preparation of financial statements

The Company has developed and implements a process for issuing the financial statements (consolidated and separate) and the Financial Report. The Group companies record their transactions in their information systems and through automated procedures the consolidation application is updated. Crosschecking of data is performed and is reviewed (intra - group transactions, receivables and payables, etc.). Elimination and consolidation entries are recorded and the financial statements with the associate notes are developed. After the completion of audit procedures, the Financial Report that includes the financial statements is submitted to the Board of Directors for approval.

The main characteristics of internal control and risk management systems employed by the Company in connection with the process of preparation of the financial statements and the Financial Report are the following:

- Adequate knowledge, skills and availability of personnel involved with clearly separated roles and areas of responsibility.
- Existence of recorded and updated procedures related to the issuance of financial results.
- Regular review of accounting principles and policies.
- Existence of control activities relevant to information systems used.
- Regular communication between the external auditors, Executive Management and the Audit Committee.
- Regular meetings for validation and registration of the significant estimations affecting the financial statements.
- Existence of risk management methodology and documentation for its implementation. Presentation of the results of risk management to the Board of Directors.
- Existence of unique Chart of Accounts for all Group companies and centralized management.
- On the recommendation of the Audit Committee, annual evaluation by the Board of Directors of the internal control and risk management systems applied for the issuance of financial

statements.

d) <u>Additional Information pursuant to sections c), d), f) g) and h) of Article 10 par.1 of the 2004/25/EK Directive of the 21st of April 2004, regarding the Takeover Bid, since the Company is subject to the Directive</u>

During the year no Takeover Bids or Business Combination took place.

e) <u>Information about the General Shareholders Assembly, mode of operation, description of the rights of the shareholders and how these can be exercised</u>

The convocation of General Assembly of Shareholders of the Company is in accordance with the Law 4548/2018, as in force.

Regarding the operating method of the General Assembly, the Company follows the practices mentioned below:

- The Shareholders of the Company are informed in advance and up to schedule, for the convocation of the General Assembly, in accordance with the Law.
- The Company publicizes on its website the Invitation of the General Assembly, the representation mode of the Shareholders, the deadlines and the mode of exercise of their rights as well as the voting results for each topic of the agenda.
- The Company publicizes on time on its website Explanatory Note regarding the agenda, the relevant proposals by Board of Directors, the required quorum and majority for the approval of the proposals. The Explanatory Note is also available in hard copy at the Company's Head Office and is distributed to the Shareholders entering in the General Assembly.
- Ensuring that each shareholder is able to participate at the General Assembly either by wording their views or by submitting their questions.

The Company, takes all measures for the consistent process and to ensure the Shareholders rights according to the existing legislation.

The responsibilities of the General Assembly are mentioned in the Extract of the Article of Incorporation of the Company which is posted on its website: http://www.fourlis.gr.

f) <u>Composition and functioning of the Board and any other administrative, management or supervisory bodies or committees of the Company</u>

The Board, its independent members and all members of Audit Committee, have been elected by the Annual General Assembly of shareholders held on 16/6/2017 while in the Annual Ordinary General Assembly of shareholders on 14/6/2019 a member of the Audit Committee resigned and a new one was elected. The term of Board members in accordance with the articles of Incorporation and of members of Audit Committee, is five years and is automatically extended until the first ordinary General Assembly after the termination of its term.

The new BoD was constituted as follows:

Chairman of the BoD, Executive Member, Chairman of Nomination and Remuneration Committee	Vassilis S. Fourlis
Vice – Chairman of the BoD, Executive Member, Member of Nomination and Remuneration Committee	Dafni A. Fourlis
Independent Vice – Chairman, Independent Non – Executive Member, Member of Nomination and Remuneration Committee	Eftichios Th. Vassilakis
CEO, Executive Member	Apostolos D. Petalas
Director, Executive Member, Corporate Social Responsibility Director	Lida S. Fourlis
Director, Non – Executive Member, Member of Audit Committee	Ioannis Ev. Brebos
Director, Independent Non - Executive Member, Member of Nomination and Remuneration Committee	Pavlos K. Triposkiadis
Director, Independent Non – Executive Member, Member of Audit Committee	David A. Watson
Director, Independent Non – Executive Member, Head of Audit Committee, Member of Nomination and Remuneration Committee	Ioannis A. Kostopoulos

Short CV's of the members of the Board of Directors as well as of the Company's Secretary Mr Ioannis Zakopoulos are presented on the Company's website: (http://www.fourlis.gr)

The Articles of Incorporation of the Company provide for the Board of Directors to be composed of 7 to 9 members. The Company has elected its Board with the maximum permitted number of Directors to ensure the diversity of gender, age, knowledge, qualification and experience serving the objectives of the Company as well as the balance between executive and non-executive members.

The main responsibilities of the Board of Directors include:

- Approving the overall long - term strategy and operational goals of the Company.
- Approving annual budgets and business plans and deciding on major capital expenditures, acquisitions and divestitures.
- Selecting and replacing, if necessary, the executive leadership of the company and overseeing succession planning.
- Monitoring the performance of senior management, and aligning executive remuneration with the longer term interests of the company and its shareholders.
- Ensuring the existence of risk management and internal audit system and annually examining the main potential risks facing the Company in addition to the consideration of internal audit system following the recommendation of the Audit Committee.
- Ensuring the integrity of the company's accounts, financial reporting systems and public

disclosures, as well as the effectiveness of the systems of internal control and risk management.

- Vigilance regarding existing and potential conflicts of interest between both the Company and its senior management, board members or major shareholders (including shareholders with direct or indirect authority to form or influence the composition and behavior of the Board) and appropriate management of such conflicts. For this purpose, the Board adopts supervisory process of transactions with the interests of transparency and protection of corporate interests.
- Ensuring that there is a satisfactory process for monitoring the company's compliance with relevant laws and regulations.
- Deciding on and monitoring the effectiveness of the company's governance processes including its system of decision - making and delegation of authorities and duties to other key executives.
- Formulating, disseminating and implementing key values and principles of conduct governing the company's relations with its shareholders.
- Approving Internal Regulation Charter, Corporate Governance Code, Code of Conduct and their revisions.
- Approving equal opportunities and diversity policy, including gender balance between board members.

Policy of equal opportunities and diversity

Company's policy of equal opportunities and diversity is posted on its website (http://www.fourlis.gr) and briefly includes the following:

FOURLIS Group is committed to provide equal opportunities for all employees and qualified applicants for employment, at all levels of hierarchy, regardless of race, color, religion, national origin, gender, sexual orientation, age, disability, marital status, or any other characteristic protected by law. FOURLIS Group expressly prohibits any discrimination or harassment based on these factors.

Affirmative action will be taken to ensure that all employment decisions, including but not limited to those involving recruitment, hiring, promotion, training, compensation, benefits, transfer, discipline, and discharge, are free from unlawful discrimination.

The Group encourages a safe and healthy work environment, free from discrimination, harassment and retaliation. All employment-related decisions are based on an individual qualification, performance and behavior, or other legitimate business considerations.

FOURLIS Group will provide reasonable accommodation to otherwise qualified employees with a disability consistent with the law. What constitutes a reasonable accommodation depends on the circumstances and thus will be addressed by the Group on a case-by-case basis.

With a view to achieving a sustainable and balanced development, the Group sees increasing diversity at the Board & Executive Officers level as an essential element in supporting attainment of its strategic objectives and its sustainable development.

Certain minimum qualifications for Board members & Executive Officers candidates should possess, including strong values and discipline, high ethical standards, a commitment to full participation to the

Board and its committees. Candidates should possess individual skills, experience and demonstrated abilities that help meet the current needs to the Group.

Board & Executive Officers' diversity is based on a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

All Board & Executive Officers appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Below, data on the proportion of each gender and age of Board members and Senior Executives are presented:

Board of Directors	**HC Total**	**%**
Male	7	78%
Female	2	22%
Grand Total	9	100%

The age range of the members of the BoD varies from 52 to 79 years old.

Executive Officers	**HC Total**	**%**
Male	27	81%
Female	6	19%
Grand Total	33	100%

The age range of the Executive Officers varies from 37 to 63 years old.

Policy of conducting transactions related parties

The policy of conducting transactions between subsidiaries of the Company and related parties aims at the timely information of the desired transaction and approval obtaining before its implementation. The policy applies to all new transactions exceeding the amount of € 20.000 per type of transaction annually. In case of existing transactions, approval is required for substantial modification of contract terms in force (new customer, new transaction, expansion of the duration, credit terms amendment, pricing conditions amendment etc).

Remuneration Policy

The policy and principles of the Company regarding the form of executive and non-executive board members' remuneration as well as the calculation method of remuneration, including quantitative and qualitative criteria taken into consideration, are included in Remuneration Policy which has been approved by the Extraordinary General Assembly on 24/1/2020 and has been uploaded in the Company's website eee.fourlis.gr. The Policy refers to the members of the Board of Directors (BoD) of

FOURLIS HOLDINGS SA and was conducted according to the EU Directive regarding stock options of shareholders (Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017) as it has been integrated in Greek legislation with L. 4548/2018.

Remuneration policy contributes to business strategy, long-term interests and viability of the Company and clarifies the manner of contribution. It sets out in detail not only the existing rights of the Board of Directors members and the Company's liabilities towards them, but also the terms based on which the remuneration will be provided in the future. The policy applies for four (4) years, unless revised and/or amended earlier with resolution of the Shareholders' General Assembly of FOURLIS HOLDINGS SA.

Nomination and Remuneration Committee will review on an annual basis if the policy is still compatible with the Company's business strategy or if amendments need to be proposed to the Board of Directors. Every four (4) years or earlier if an amendment need arises following recommendation of the Committee, the Board of Directors will submit for approval any Policy changes they consider appropriate at the General Assembly of the Company's shareholders.

Remuneration Policy takes into consideration the existing legislation, good corporate governance practices, Greek Code of Corporate Governance, Articles of Incorporation and Rules of Procedure on Internal Organization of the Company. The Policy recognizes the current rights and obligations at members of the Board of Directors and defines the terms based on which the future remuneration may be provided to the existing or/and new members of Board of Directors for as long as the policy is valid.

No member of the Board of Directors makes decisions nor is responsible for its own remuneration. The Remuneration and Nomination Policy will secure the fact that no person will be present at the discussion regarding its remuneration.

More analytically:

The Company pays both the executive and the non-executive members of the Board of Directors taking into account the principle of fair and reasonable remuneration for the best and most appropriate individual for the relevant position considering at the same time the level of responsibility as well as the knowledge and the experience required in order to meet the expectations, ensuring at the same time its short-term and long-term business plan, so that it can continue to create value for the customers, the shareholders, the employees and the economy of the countries in which it runs its business activities.

<u>Remuneration Policy of executive members of the Board of Directors</u>

Remuneration Policy of executive members of the Board of Directors contributes in business strategy, long-term interests and viability of the Company:

- Providing a fair and proper level of a standard fixed remuneration which allows the executive members to focus on the creation of a viable long-term value.
- Balancing the short-term and the long-term remuneration in order to be ensured that short-term goals which will lead long-term to the creation of a value are targeted.
- Offering short-term variable remuneration with performance criteria which harmonize the interests of the executive member to the interests of the shareholders.

- Including long-term variable remuneration against titles with long-term performance criteria, which contribute in the creation of a value.

The Policy does not provide for variable remuneration for the non-executive members of the Board of Directors so that it can be guaranteed that there is no conflict of interests in decision-taking of the non-executive members and in their option to doubt the decisions of the Board of Directors when these result in risk-taking by the Company.

The Remuneration Policy of Board Executive members, apart from the aforementioned, also takes into account other significant factors for the determination of the remunerations such as the knowledge and the experience required for the achievement of the objectives of the Business plan of the Company.

The Committee on Nominations and Remunerations and the Board of Directors are informed regularly about the structure of the remuneration and the policies followed inside the Company, as well as about the market trends in the specific issue (annual researches on remuneration and benefits). These data are considered upon revision of the Policy.

Remuneration of the executive members of the BoD include a standard/fixed remuneration, participation in short-term program of variable remuneration MBO (Management by Objectives), participation in long-term program for the provision of incentives (Stock option rights), retirement benefit, liability insurance for Directors and Officers and other benefits such as private health insurance, life insurance, company car / car benefit and fuel card.

<u>Remuneration Policy of non-executive members of the Board of Directors</u>

In the determination of the remuneration level of the non-executive members of the Board of Directors, the market practice is taken into account, regarding the companies of a similar size on the basis of the stock market value, revenues, profits, complexity, structure and international dimension.

The non-executive members of the Board of Directors receive the basic remuneration and are paid additional remuneration in order to exercise the duty of presiding at the committees. The non-executive members of the Board of Directors do not have a participation right in any program for the provision of incentives.

To the non-executive members of the Board of Directors a remuneration is paid, which is standard and fixed and covers the time required for the exercise and execution of their duties. The said standard remunerations cover the attendance time in up to five (5) meetings of the Board of Directors and in up to five (5) meetings of the Committees of the Board of Directors including the time for transfers and preparation.

The maximum amount of the annual total basic remuneration is specified by the Board of Directors after proposal of the Committee on Nominations and Remunerations and is subject to approval by the Annual Ordinary General Meeting of shareholders.

There is no pre-determined level of annual remuneration or increase of remuneration nor a pre-specified maximum level of remuneration.

Function of the Board of Directors

The functioning of the Board of Directors is detailed in the Board Internal Regulation. The Board Internal Regulation contains the following sections:

- Election of the Board
- Board members
- Establishment of independence of candidates or current members of the Board
- Term of the Board
- Establishment of the Board as a body
- Responsibilities of the Board
- Duties and conduct of Board members
- Board committees
- Prohibitions
- Board Meetings
- Quorum of the Board and decision making
- Support of the Board
- Minutes of Board Meetings

The Board of Directors holds meetings with the necessary frequency, so as to effectively execute its responsibilities. At the beginning of each calendar year the Board of Directors adopts a meetings calendar and a 12-month action plan, which may be reviewed depending on the Company's needs.

The assessment of the Board of Directors and its Committees takes place annually with the use of questionnaires which are filled by the members of the Board of Directors and they are processed by the Corporate Secretary and presented by him to the Board of Directors during the meeting of November.

The function of the Board is supported by two committees: the Audit Committee and the Nomination and Remuneration Committee.

The Audit Committee is appointed by the General Assembly of shareholders (Article 37 of Law 3693/2008). The main responsibilities of the Audit Committee are the following:

- Monitoring the financial reporting process and credibility of financial statements,
- Supervision of any formal announcement regarding the financial performance of the Company and examination of key points of financial statements which contain significant judgments and estimations in terms of management,
- Monitoring the effectiveness of internal control and risk management systems regarding financial reporting and monitoring the proper working of the internal audit function,
- Ensuring the independence of internal audit and evaluation of the head of internal audit,
- Examining cases of interest conflicts during transactions of the Company and its subsidiaries with related parties and submitting such reports to the board,

- Monitoring the progress of statutory audit of separate and consolidated financial statements,
- Reviewing and monitoring issues related to the existence and maintenance of objectivity and independence of the external auditor, especially regarding the supply of non-auditing services by the statutory auditor or the audit firm. Objectivity and independence of external auditor in cases of providing non auditing services is secured by strict delimitation and extremely limited use of services provided by auditors not participating in the regular audit of the Group's companies.

The function of the Audit Committee is detailed in the Corporate Governance Code and the Audit Committee Charter approved by the Board and posted on the website of the Company (http://www.fourlis.gr). The Audit Committee since its inception (early 2003) and by the end of 2019 held 69 meetings. Each regular meeting of the year 2019 was attended by Executives of the Financial Department of the Company and by the external auditors of the company. The minutes of the Audit Committee are distributed and approved in the next meeting of the BoD.

The main responsibility of the Nomination and Remuneration Committee is to lead the procedure of submission of nominations for the election of Board and submits proposals to the Board of Directors their remuneration. The annual ordinary meeting of the Nomination and Remuneration Committee is held in October of every year before the configuration of budget of the next year. The minutes of the Nomination and Remuneration Committee are distributed and approved in the next meeting of the BoD.

The Nomination and Remuneration Committee is responsible for:

- Proposal submissions to the Board of Directors concerning the remuneration of each individual executive Board Member, including bonuses, incentive payments and share options.
- Reviewing and making proposals to the Board of Directors on the total annual package of variable (beyond salary) compensation in the Company.
- Reviewing and proposing to the Board of Directors (and, via the Board of Directors, the General Assembly of shareholders, when required) on the stock option and/ or share award programs.
- Proposing targets for performance – related compensation or targets related to stock-options or granting of shares.
- Reviewing regularly the salary of executive Board Members and other contractual terms, including severance payments and pension arrangements.
- Submitting proposals to the Board on any business policy related to remuneration.
- Reviewing the annual remuneration report.

The function of the Nomination and Remuneration Committee of the Board of Directors is detailed in the Charter of the Committee approved by the Board of Directors and posted on the web site of the Company (http://www.fourlis.gr). The Nomination and Remuneration Committee Charter contains the following sections:

- The purpose of the Committee
- Members and term of the Committee
- Duties and responsibilities of the Committee
- Functioning of the Committee
- Disclosure of the Committee Charter

g) If the company deviates from the Corporate Governance Code that applies, the Corporate Governance Statement includes a description of that deviation with reference to the relevant parts of the Corporate Governance Code and provides explanation for the deviation. If the company does not comply with certain provisions of the Corporate Governance Code, the Corporate Governance Statement includes a reference to the provision that is not applied and explains the reasons for that deviation.

The Company complies with the Hellenic Corporate Governance Code with minor deviations that are presented and explained in the following table.

Hellenic Corporate Governance Code (first modification June 2013)	Explanation/ Justification of deviations from special practices of the Hellenic Corporate Governance Code
Board members must be elected by shareholders at a maximum term of four (4) years (specific practice 5.1 Nomination of Board Members)	An amendment on Articles of Incorporation of the Company is required, which is a decision of the General Assembly. It will be proposed as a change by the termination of the term of the members of the current Board of Directors.
The evaluation of the performance of the Board and its Committees should take place at least every 2 years in line with a clearly established procedure. The evaluation exercise should be led by the Chairman and its results discussed by the Board. The Chairman should act on the results of the performance evaluation by addressing the weaknesses of the Board. The Board should also evaluate the performance of its Chairman. This procedure should be led by the independent Vice - Chairman, if appointed, or by another non - executive Board member (specific practice 7.1, Board evaluation). Non - executive Board members should convene periodically without the executive members in order to evaluate the latter performance and discuss their remuneration (specific practice 7.2, Board evaluation).	The responsibilities of the Board of Directors include the assessment of its Committees. For the evaluation of the effectiveness of the Board, the Company has ended up with the use of questionnaires completed by the members of the Board, which are processed by the company's Secretary and presented annually to the Board during the last meeting of every year. For the assessment of Audit Committee performance, the Company has ended up to the use of questionnaires which are filled by the Board of Directors members and are processed by the Corporate Secretary and then presented by him at the Board of Directors during the last meeting of every year. The specific practise of meetings of non executive

Hellenic Corporate Governance Code (first modification June 2013)	Explanation/ Justification of deviations from special practices of the Hellenic Corporate Governance Code
	members without the presence of executive members is applied in 2019.
If stock options are granted, they shouldn't mature in less than three (3) years from grant date (special practice 1.2, Level and structure of remuneration).	The current stock option plan (SOP program) provides maturity to stock options in less than three (3) years from grant date. In case of a new SOP program, there will be a revision of this specific special practice.
Executive Board members' contracts should provide that the Board may demand full or partial recovery of any bonuses awarded on the basis of restated financial statements of previous years or otherwise erroneous financial data used to calculate such bonuses (special practice 1.3, Level and structure of remuneration).	The existing contracts of the Company do not include this term, but a specific reference has been predicted to be made to the last revision of the Code of Conduct distributed to all the employees of the Company.

17. Subsequent Events

There are no other subsequent events that may significantly affect the financial position and results of the Group other than the following:

- those mentioned in Note 6 of the Report of Board of Directors and are related to the exercise of stock options of the SOP,
- the Group carefully monitors the events regarding the spread of coronavirus, in order to adjust in the special conditions arising exclusively for the treatment and restriction of spread of coronavirus COVID-19. There is a plan for the going concern of its operation in compliance with the exisitng legislation. Under this context, precautious measures are taken for the safety of its employees, the company is prepared for the implementation of its going concern plan as well as monitors and complies with obligations as enforced by the official instructions of the competent authorities on a national level. Given that the phenomenon is in full swing, its quantitave and qualitative consequences on the Group's operation are under assessment and will be presented in the Interim Financial Statements. Finally, the portfolio management service determines, estimates and hedges the financial risks and provides guidance for the management of this specific risk, so as to provide protection to the investors.

This Report, the Annual Financial Statements of the year 2019, the Notes on the Annual Financial Statements along with the Auditors Report, are published at the Group's web site, address: http://www.fourlis.gr. At the same web address, all Annual Financial Statements, Audit Reports and Board of Directors Reports of the companies which are consolidated and are not listed and which cumulatively represent a percentage higher than 5% of consolidated revenues or assets or operating results after the deduction of minority shares proportion, are published.

Maroussi, March 16th 2020

The Board of Directors

The Financial Statements (consolidated and separate) included in pages 65 to 141 are in accordance with the IFRS as applied in the European Union and approved by the Board of Directors of "Fourlis Holdings SA" on 16/3/2020 and are signed by the following:

Chairman of the Board of Directors	CEO
Vassilis St. Fourlis ID No. AM - 587167	Apostolos D. Petalas ID No. AK - 021139
Finance Manager Controlling & Planning	Chief Accountant
Maria I. Theodoulidou ID No. T - 134715	Sotirios I. Mitrou ID No. AI – 557890 Ch. Acct. Lic. No. 30609 A Class

THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FOURLIS HOLDINGS S.A.

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of Fourlis Holdings S.A. (the Company), which comprise the separate and consolidated statement of financial position as of December 31, 2019, and the separate and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated] financial statements present fairly in all material respects the financial position of Fourlis Holdings S.A and its subsidiaries (the Group) as at December 31, 2019 and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

Basis for Opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters and the related risks of material misstatement, were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and consolidated financial statements.

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Certified Auditors – Accountants S.A.
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Key audit matter	How our audit addressed the Key audit matter
Valuation of inventories (consolidated financial statements)	
In the consolidated statement of financial position of December 31, 2019, the Group presents inventories amounting to €88.7 million, which includes a provision for impairment of €0.8 million. As described in Note 3.13 of the consolidated financial statements, the Group records inventories at the lower of cost or net realizable value. Critical judgement and estimates are exercised by the Group management in identifying and assessing the amount of allowance for inventories, which include among other, estimation of the slow-moving inventories, estimation of obsolete inventories that will be destructed during the following period, evaluation of seasonality and estimation of the future selling prices of the products. We consider that because of the judgment involved in inventory valuation and the assumptions used by management, in combination with the significance of the amount of inventories to the Group financial statements, valuation of inventories is a key audit matter. Group discloses the related accounting policies and estimates, and the assumptions used for inventory valuation, in Notes 2.2, 3.13 and 13 of the consolidated financial statements.	We have performed the following procedures: • Historical costs and margins were tested on a sample basis through reconciliation of purchase cost and margins with the original purchase invoices and sales invoices. • We recomputed on a test basis the weighted average valuation method that is used to value inventories. • We assessed whether there were inventories which were sold with a negative margin and whether this was considered for inventory valuation at the lower of cost or net realizable value. • At year end, we attended on a part of inventory counts in Group stores and distribution centers, to validate on a sample basis whether there were indications of obsolesce. • We assessed management's estimations for slow moving inventories through observing on a sample basis historical sales and seasonality. • We evaluated the historical accuracy of allowance of inventories assessed by management by comparing on a sample basis the actual loss from inventory destruction, inventory write offs or other entries related to inventories to the historical allowance. • Furthermore, on a sample basis, we validated the mathematical accuracy of management's calculations for inventory provision. • We also assessed the adequacy of the disclosures which are included in the notes to the consolidated financial statements.

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Key audit matter	How our audit addressed the Key audit matter
Impairment exercise on stores, right of use assets related to stores, and stores within assets held for sale (consolidated financial statements)	
Financial statement line items "Property plant and equipment" and "Right of Use assets" on December 31, 2019 include net book value of stores amounting to Euro 166.7 million. In addition, the financial statement line item "Assets held for sale" includes Euro 176 million that relates to stores and investment properties regarding to the Real Estate Investment Company, as explained in note 9. The Group, in most cases, considers that each store is a Cash Generating Unit, or based on facts and circumstances, a Group of stores is considered as a Cash Generating Unit. In accordance with IFRS, where there are indications for impairment the Group performs an impairment exercise at Cash Generating Unit Level. Due to the material carrying value of those assets as well as the judgment and assumptions involved in the identification of any impairment indication and the assessment exercised whether there is a need of impairment or not, we consider the impairment exercise on stores a key audit matter. Group discloses the related accounting policies and estimates, and the assumptions used for the impairment exercise on stores, in Notes 2.2, 3.7, 3.10, 3.16, 7, 8 and 9 of the consolidated financial statements.	Our audit procedures included, among others, the following: • We evaluated the Group policies to identify the Cash Generated Units. • We evaluated the Group policies to identify triggering events for potential impairment of assets in each Cash Generated Unit. • We evaluated management assumptions underlying the potential impairment calculation for those stores where a triggering event was identified. Valuation specialists supported the audit team. • We evaluated the management estimates for the future cash flows by performing the following audit procedures: (a) We compared forecasted future cash flows of prior years with the actual cash flows, and (b) We compared the future cash flows that were used in Group models with market available data and industry trends. • We reviewed the discount rate and residual value calculated by the Group with regards to the assumptions used, and compared them with the available industry trends and other financial information. • We evaluated the sensitivity analysis of the most significant assumptions used. • For the assets held for sale, at the time of the classification of those assets as held for sale (at December 31, 2019), we assessed: (a) the Group's evaluation of the measurement of those assets at the lowest between their carrying amount and their fair value less costs to sell, and (b) the fair value of those assets, where we included the support of our valuation specialists. • We also assessed the adequacy of the disclosures which are included in the notes to the consolidated financial statements.

ERNST & YOUNG (HELLAS)
Certified Auditors – Accountants S.A.
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151 25 Athens, Greece
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Other information

Management is responsible for the other information in the Annual Report. The other information, includes the Board of Directors' Report, for which reference is also made in section "Report on Other Legal and Regulatory Requirements", the Statements of the Members of the Board of Directors, but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (Law 44 v.4449/2017) is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.

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Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report and Corporate Governance Statement that is included therein, according to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information required by article 152 of Law 4548/1920.
b) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of article 150 and 153 and paragraph 1 (c and d) of article 152 of Law 4548/2018 and the content of the Board of Directors' report is consistent with the accompanying separate and consolidated financial statements for the year ended December 31, 2019.
c) Based on the knowledge and understanding concerning Fourlis Holdings S.A. and its environment, obtained during our audit, we have not identified information included in the Board of Directors' Report that contains a material misstatement.

2. Additional Report to the Audit Committee

Our opinion on the separate and consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Group, in accordance with Article 11 of the EU Regulation 537/2014.

3. Provision of Non-audit Services

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014.

Non-audit services provided by us to the Company and its subsidiaries during the year ended December 31, 2019, are disclosed in note 6 of the separate and consolidated financial statements.

4. Appointment of the Auditor

We were firstly appointed as auditors of the Company by the General Assembly on June 11, 2010. Our appointment has been renewed annually by virtue of decisions of the annual general meetings of the shareholders for a continuous period of 10 years.

Athens, March 17, 2020

The Certified Auditor Accountant

SOFIA KALOMENIDES
S.O.E.L. R.N. 13301
ERNST &YOUNG (HELLAS)
CERTIFIED AUDITORS ACCOUNTANTS S.A.
CHIMARRAS 8B, 151 25 MAROUSSI
GREECE
SOEL REG. No. 107

FOURLIS
GROUP OF COMPANIES

Statement of Financial Position (Consolidated and Separate) as at December 31, 2019 and at December 31,2018

(In thousands of Euro, unless otherwise stated)

		Group		Company	
Assets	**Note**	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
Non-current Assets					
Property plant and equipment	7	57.380	209.624	204	191
Right of use assets	8	113.902	0	1.416	0
Investment Property	9	0	23.993	0	0
Intangible Assets	10	9.468	9.023	225	241
Investments	11	29.803	28.246	80.700	80.328
Long Term receivables	12	5.145	4.699	47	47
Deferred Taxes	26	2.867	3.837	178	637
Total non-current assets		**218.564**	**279.423**	**82.771**	**81.444**
Current assets					
Inventory	13	88.663	83.864	0	0
Income tax receivable		407	1.333	5	910
Trade receivables	14	3.040	2.541	1.848	1.980
Other receivables	15	15.034	17.130	6.233	5.017
Cash & cash equivalent	16	40.978	39.854	729	1.525
Non current assets classified for sale	9	176.092	0	0	0
Total current assets		**324.214**	**144.722**	**8.814**	**9.432**
Total Assets		**542.779**	**424.145**	**91.585**	**90.875**
SHAREHOLDERS EQUITY & LIABILITIES					
Shareholders equity					
Share Capital	17	42.124	47.145	42.124	47.145
Share premium reserve		13.833	13.445	14.433	13.958
Reserves	18	29.248	29.520	16.268	15.778
Retained earnings		94.980	83.634	15.277	12.151
Total shareholders equity (a)		**180.185**	**173.745**	**88.102**	**89.032**
Non controlling interest (b)		0	0	0	0
Total Equity (c)=(a)+(b)		**180.185**	**173.745**	**88.102**	**89.032**
LIABILITIES					
Non Current Liabilities					
Non - current loans	22	104.617	113.365	0	0
Lease liabilities	23	101.771	409	1.178	0
Employee retirement benefits	20	5.896	4.736	653	515
Deferred Taxes	26	49	150	0	0
Other non-current liabilities	24	296	4.751	23	23
Total non current Liabilities		**212.629**	**123.410**	**1.854**	**539**
Current Liabilities					
Short term loans for working capital	22	16.991	11.387	0	0
Current portion of non-current loans and borrowings	22	7.638	9.117	0	0
Short term portion of long term lease liabilities	23	15.448	586	267	0
Income Tax Payable	26	298	158	20	20
Accounts payable and other current liabilities	25	87.706	105.743	1.342	1.285
Liability arising from assets held for sale		21.883	0	0	0
Total current Liabilities		**149.965**	**126.991**	**1.628**	**1.305**
Total liabilities (d)		**362.594**	**250.400**	**3.483**	**1.844**
Total Equity & Liabilities (c) + (d)		**542.779**	**424.145**	**91.585**	**90.875**

The accompanying notes on pages 73 to 141 are an integral part of the Financial Statements.

FOURLIS
GROUP OF COMPANIES

Income Statement (Consolidated) for the period 1/1 to 31/12/2019 and 1/1 to 31/12/2018

(In thousands of Euro, unless otherwise stated)

		Group	
	Note	**1/1 - 31/12/2019**	**1/1 - 31/12/2018**
Revenue	6	466.322	448.486
Cost of Goods Sold	6	(263.889)	(255.728)
Gross Profit		**202.433**	**192.758**
Other income	6	8.017	7.545
Distribution expenses	6	(151.469)	(147.834)
Administrative expenses	6	(22.002)	(21.292)
Other operating expenses	6	(1.148)	(964)
Operating Profit		**35.831**	**30.212**
Total finance cost	6	(18.026)	(12.831)
Total finance income	6	451	1.006
Contribution associate companies profit and loss	6	1.284	83
Profit before Tax		**19.539**	**18.470**
Income tax	26	(7.606)	(4.179)
Net Profit (A)		**11.933**	**14.291**
Attributable to :			
Equity holders of the parent		11.933	14.291
Net Profit (A)		**11.933**	**14.291**
Basic Earnings per Share (in Euro)	27	0,2295	0,2758
Diluted Earnings per Share (in Euro)	27	0,2266	0,2726

Revenue is meant as income from contacts with customers
The accompanying notes on pages 73 to 141 are an integral part of the Financial Statements.

FOURLIS
GROUP OF COMPANIES

Statement of Comprehensive Income (Consolidated) for the period 1/1 to 31/12/2019 and 1/1 to 31/12/2018

(In thousands of Euro, unless otherwise stated)

		Group	
	Note	1/1 - 31/12/2019	1/1 - 31/12/2018
Net Profit /(Loss) (A)		**11.933**	**14.291**
Other comprehensive income/(loss)			
Other comprehensive income transferred to the income statement			
Valuation of financial assets available for sale		0	0
Foreign currency translation from foreign operations		(828)	(1.896)
Effective portion of changes in fair value of cash flow hedges	22,26	(71)	(92)
Total Other comprehensive income transferred to the income statement		**(899)**	**(1.988)**
Other comprehensive income not transferred to the income statement			
Actuarial gains (losses) on defined benefit pension plan	20,26	(541)	(42)
Total Other comprehensive income not transferred to the income statement		**(541)**	**(42)**
Comprehensive Income/Losses after Tax (B)		**(1.440)**	**(2.030)**
Total Comprehensive Income/(Losses) after tax (A) + (B)		**10.494**	**12.261**
Attributable to:			
Equity holders of the parent		10.494	12.261
Total Comprehensive Income/(Losses) after tax (A) + (B)		**10.494**	**12.261**

The accompanying notes on pages 73 to 141 are an integral part of the Financial Statements.

FOURLIS
GROUP OF COMPANIES

Income Statement (Separate) for the period 1/1 to 31/12/2019 and 1/1 to 31/12/2018

(In thousands of Euro, unless otherwise stated)

		Company	
	Note	1/1 - 31/12/2019	1/1 - 31/12/2018
Revenue	6	4.424	4.288
Cost of Goods Sold	6	(4.485)	(4.100)
Gross Profit		**(61)**	**188**
Other income	6	1.344	1.300
Administrative expenses	6	(2.435)	(2.856)
Depreciation/Amortisation (Administration)		(382)	(75)
Other operating expenses	6	(66)	(31)
Operating Loss		**(1.600)**	**(1.474)**
Total finance cost	6	(68)	(2)
Total finance income	6	0	10
Dividends	19	6.200	5.000
Profit before Tax		**4.532**	**3.534**
Income tax	26	(1.332)	(84)
Net Profit (A)		**3.200**	**3.450**

Revenue is meant as income from contacts with customers
The accompanying notes on pages 73 to 141 are an integral part of the Financial Statements.

Statement of Comprehensive Income (Separate) for the period 1/1 to 31/12/2019 and 1/1 to 31/12/2018

(In thousands of Euro, unless otherwise stated)

	Note	Company 1/1 - 31/12/2019	Company 1/1 - 31/12/2018
Net Profit /(Loss) (A)		**3.200**	**3.450**
Other comprehensive income/(loss)			
Other comprehensive income not transferred to the income statement			
Actuarial gains (losses) on defined benefit pension plan	20,26	(74)	(14)
Total other comprehensive income not transferred to the income statement		**(74)**	**(14)**
Comprehensive income/(losses) after Tax (B)		**(74)**	**(14)**
Total comprehensive income/(losses) after tax (A) + (B)		**3.126**	**3.436**
Attributable to :			
Equity holders of the parent		3.126	3.436
Total comprehensive income/(losses) after Tax (A) + (B)		**3.126**	**3.436**

The accompanying notes on pages 73 to 141 are an integral part of the Financial Statements.

Statement of Changes in Equity (Consolidated) for the period 1/1 to 31/12/2019 and 1/1 to 31/12/2018

(In thousands of Euro, unless otherwise stated)

	Note	Share Capital	Share premium reserves	Reserves	Revaluation Reserves	Foreign exchange diff. from Statement of Financial Position transl. reserves	Retained earnings / (Accumulated losses)	Total (a)	Non controlling interest (b)	Total Equity (c)=(a)+(b)
Balance at 1.1.2018		**50.094**	**13.057**	**37.494**	**722**	**(7.265)**	**73.766**	**167.869**	**0**	**167.869**
Effect of adoption of new accounting standards IFRS 15		0	0	0	0	0	(2.098)	(2.098)	0	(2.098)
Balance at 1.1.2018 (Restated)		**50.094**	**13.057**	**37.494**	**722**	**(7.265)**	**71.668**	**165.771**	**0**	**165.771**
Total comprehensive income/(loss) for the period										
Profit		0	0	0	0	0	14.291	14.291	0	14.291
Foreign currency translation from foreign operations		0	0	0	0	(1.896)	0	(1.896)	0	(1.896)
Effective portion of changes in fair value of cash flow hedges		0	0	(92)	0	0	0	(92)	0	(92)
Actuarial gains (losses) on defined benefit pension plan		0	0	0	0	0	(42)	(42)	0	(42)
Total comprehensive income/(loss)		**0**	**0**	**(92)**	**0**	**(1.896)**	**(42)**	**(2.030)**	**0**	**(2.030)**
Total comprehensive income/(loss) after taxes		**0**	**0**	**(92)**	**0**	**(1.896)**	**14.249**	**12.261**	**0**	**12.261**
Transactions with shareholders recorded directly in equity										
Share Capital Increase		2.215	388	0	0	0	(2.066)	537	0	537
SOP Reserve		0	0	372	0	0	0	372	0	372
Reserves		0	0	217	0	0	(217)	0	0	0
Net Income directly booked in the statement movement in Equity		0	0	0	0	(33)	0	(33)	0	(33)
Share Capital Reduction		(5.164)	0	0	0	0	(0)	(5.164)	0	(5.164)
Total transactions with shareholders		**(2.950)**	**388**	**590**	**0**	**(33)**	**(2.283)**	**(4.288)**	**0**	**(4.288)**
Balance at 31.12.2018		**47.145**	**13.445**	**37.991**	**722**	**(9.193)**	**83.634**	**173.745**	**0**	**173.745**
Balance at 1.1.2019		**47.145**	**13.445**	**37.991**	**722**	**(9.193)**	**83.634**	**173.745**	**0**	**173.745**
Total comprehensive income/(loss) for the period										
Profit		0	0	0	0	0	11.933	11.933	0	11.933
Foreign exchange differences		0	0	0	0	(828)	0	(828)	0	(828)
Effective portion of changes in fair value of cash flow hedges	22 , 26	0	0	(71)	0	0	0	(71)	0	(71)
Actuarial gains (losses) on defined benefit pension plan	20,26	0	0	0	0	0	(541)	(541)	0	(541)
Total comprehensive income/(loss)		**0**	**0**	**(71)**	**0**	**(828)**	**(541)**	**(1.440)**	**0**	**(1.440)**
Total comprehensive income/(loss) after taxes		**0**	**0**	**(71)**	**0**	**(828)**	**11.392**	**10.494**	**0**	**10.494**
Transactions with shareholders, recorded directly in equity										
Share Capital Increase	17	160	477	0	0	0	0	637	0	637
SOP Reserve	20	0	0	490	0	0	0	490	0	490
Reserves		0	0	142	0	0	(142)	0	0	0
Net Income directly booked in the statement movement in Equity		(0)	(89)	0	0	(5)	96	1	0	1
Share Capital Reduction	17	(5.181)	0	0	0	0	0	(5.181)	0	(5.181)
Total transactions with shareholders		**(5.021)**	**387**	**632**	**0**	**(5)**	**(47)**	**(4.053)**	**0**	**(4.053)**
Balance at 31.12.2019		**42.124**	**13.833**	**38.552**	**722**	**(10.027)**	**94.980**	**180.185**	**0**	**180.185**

The accompanying notes on pages 73 to 141 are an integral part of Financial Statements.

FOURLIS
GROUP OF COMPANIES

Statement of Changes in Equity (Separate) for the period 1/1 to 31/12/2019 and 1/1 to 31/12/2018

(In thousands of Euro, unless otherwise stated)

	Note	Share Capital	Share premium reserves	Reserves	Retained earnings / (Accumulated losses)	Total Equity
Balance at 1.1.2018		**50.094**	**13.570**	**15.406**	**10.781**	**89.851**
Total comprehensive income/(loss) for the period						
Profit		0	0	0	3.450	3.450
Actuarial gains (losses) on defined benefit pension plan		0	0	0	(14)	(14)
Total comprehensive income/(loss) after taxes		**0**	**0**	**0**	**3.436**	**3.436**
Transactions with shareholders recorded directly in equity						
Share Capital Increase		2.215	388	0	(2.066)	537
SOP Reserve		0	0	372	0	372
Share Capital Reduction		(5.164)	0	0	0	(5.164)
Total transactions with shareholders		**(2.950)**	**388**	**372**	**(2.066)**	**(4.255)**
Balance at 31.12.2018		**47.145**	**13.958**	**15.778**	**12.151**	**89.032**
Balance at 1.1.2019		**47.145**	**13.958**	**15.778**	**12.151**	**89.032**
Total comprehensive income/(loss) for the period						
Profit		0	0	0	3.200	3.200
Actuarial gains (losses) on defined benefit pension plan	20 , 26	0	0	0	(74)	(74)
Total comprehensive income/(loss) after taxes		**0**	**0**	**0**	**3.126**	**3.126**
Transactions with shareholders, recorded directly in equity						
Share Capital Increase	17	160	477	0	0	637
SOP Reserve	20	0	0	490	0	490
Net Income directly booked in the statement movement in Equity		0	(1)	0	0	(1)
Share Capital Reduction	17	(5.181)	0	0	0	(5.181)
Total transactions with shareholders		**(5.021)**	**475**	**490**	**0**	**(4.056)**
Balance at 31.12.2019		**42.124**	**14.433**	**16.268**	**15.277**	**88.102**

*Capital reduction (Note 16)
The accompanying notes on pages 73 to 141 are an integral part of Financial Statements.

FOURLIS
GROUP OF COMPANIES

Statement of Cash Flows (Consolidated and Separate) for the period 1/1 to 31/12/2019 and 1/1 to 31/12/2018

(In thousands of Euro, unless otherwise stated)

	Note	Group 1/1 - 31/12/2019	Group 1/1 - 31/12/2018	Company 1/1 - 31/12/2019	Company 1/1 - 31/12/2018
Operating Activities					
(Loss)/Profit before taxes		**19.539**	**18.470**	**4.532**	**3.534**
Adjustments for					
Depreciation / Amortization	6	30.752	14.057	382	75
Income on depreciation in fixed subsidy		(150)	(150)	0	0
Provisions		1.059	883	273	88
Foreign exchange differences		629	(70)	1	0
Results (Income, expenses, profit and loss) from investment activity		(30)	(116)	(6.200)	(5.010)
Interest Expense		17.044	11.653	67	2
Plus/less adj for changes in working capital related to the operating activities					
Decrease / (increase) in inventory		(5.683)	(8.342)	0	0
Decrease / (increase) in trade and other receivables		5.376	6.538	170	(373)
(Decrease) / increase in liabilities (excluding banks)		(24.871)	4.541	(58)	108
Less					
Interest paid		(12.085)	(11.765)	(3)	(2)
Income taxes paid		(2.751)	(1.770)	0	(1)
Net cash generated from operations (a)		**28.828**	**33.930**	**(836)**	**(1.579)**
Investing Activities					
Purchase or Share capital increase of subsidiaries and related companies		(20)	(5.325)	0	0
Purchase of tangible and intangible fixed assets		(15.128)	(11.935)	(91)	(123)
Proceeds from disposal of tangible and intangible assets		64	36	0	0
Addition of other investments		(491)	(341)	0	0
Interest Received		75	121	0	10
Proceeds from dividends		0	0	5.000	5.000
Total inflow / (outflow) from investing activities (b)		**(15.499)**	**(17.444)**	**4.909**	**4.887**
Financing Activities					
Inflow from share capital increase	17	637	537	637	537
Payment for returnal share capital	17	(5.181)	(5.164)	(5.181)	(5.164)
Proceeds from issued loans	22	44.458	32.347	0	0
Repayment of loans	22	(31.539)	(40.341)	0	0
Repayment of leasing liabilities	23	(20.466)	(558)	(325)	0
Total inflow / (outflow) from financing activities (c)		**(12.091)**	**(13.180)**	**(4.869)**	**(4.627)**
Net increase/(decrease) in cash and cash equivalents for the period (a)+(b)+(c)		**1.238**	**3.306**	**(795)**	**(1.319)**
Cash and cash equivalents at the beginning of the period		39.854	36.603	1.525	2.843
Effect of exchange equivalents at the beginning of the period		(113)	(55)	0	0
Closing balance, cash and cash equivalents		**40.978**	**39.854**	**729**	**1.525**

The accompanying notes on pages 73 to 141 are an integral part of Financial Statements

Notes to the annual financial statements (consolidated and separate) as of Dec 31, 2019 and for the year then ended

1. Corporate information

1.1 General Information

FOURLIS HOLDINGS S.A. with the common use title of FOURLIS SA (hereinafter the Company) was incorporated in 1950 as A. FOURLIS AND CO., and from 1966 operated as FOURLIS BROS S.A. (Government Gazette, AE and EPE issue 618/ 13.6.1966). It was renamed to FOURLIS HOLDING S.A. by a decision of an Extraordinary General Shareholders' Assembly on 10/3/2000, which was approved by decision K2 - 3792/ 25.04.2000 of the Ministry of Development. The Shareholders' General Assembly also approved the conversion of the Company to a holding company and thus also approved the change in its scope.

The headquarters of the Company are located at 18-20 Sorou street, Building A Maroussi. It is registered in the Companies Registry of the Ministry of Development with registration number 13110/06/B/86/01 and general electronic commercial registry number 258101000 and web address www.fourlis.gr.

The Company is listed in the Athens Stock Exchange since April 1988.

The Company's term, in accordance with its Articles of Incorporation, was originally set for 30 years. In accordance with a decision of the Extraordinary Assembly of the Shareholders on 19/2/1988, the term was extended for a further 30 years i.e. to 2026. Following the decision of the Extraordinary Assembly of the Shareholders on 14/6/2019, the term was extended for a further 24 years i.e. to 2050.

The current Board of Directors of the parent Company is as follows:

1. Vassilis St. Fourlis, Chairman, executive member
2. Dafni A. Fourlis, Vice Chairman, executive member
3. Eftihios Th. Vassilakis, Independent Vice Chairman, independent non executive member, member of the Audit Committee
4. Apostolos D. Petalas, CEO, executive member
5. Lyda St. Fourlis, Director, executive member
6. Ioannis Ev. Brebos, Director, non executive member, member of the Audit Committee
7. Ioannis Ath. Kostopoulos, Director, independent non executive member, Chairman of the Audit Committee
8. Pavlos K. Triposkiadis , Director, independent non executive member
9. David A. Watson, Director, independent non executive member, member of the Audit Committee

The total number of employees of the Group as at the end of current and previous year was at 4.198

and 4.038 respectively while the total number of employees of the Company on 31/12/2019 was 100 and on 31/12/2018 was 95.

1.2 Activities

The Company's activities are the investment in domestic and foreign companies of all types, regardless their objectives and type.

The Company FOURLIS HOLDINGS SA also provides general administration financial management and information technology services. The centralization of Group support services for the Group Companies in Greece, mainly in the areas of IT, HR, financial planning and controlling, treasury and social responsibility was implemented, aiming to gain benefits from synergies and to organize central coordination of decision making and implementing. Centralized services are provided according to arm's length principle from FOURLIS HOLDINGS S.A. to the Group companies.

The Financial Statements include the Company and its subsidiaries (the Group) as presented below:

Name	Location	% Holding	Consolidation Method
HOUSEMARKET SA	Greece	100,00	Full
INTERSPORT ATHLETICS SA	Greece	100,00	Full
TRADE LOGISTICS SA*	Greece	100,00	Full
RENTIS SA*	Greece	100,00	Full
GENCO TRADE SRL	Romania	1,57	Full
GENCO TRADE SRL*	Romania	98,43	Full
GENCO BULGARIA EOOD*	Bulgaria	100,00	Full
HOUSE MARKET BULGARIA AD*	Bulgaria	100,00	Full
HM HOUSEMARKET (CYPRUS) LTD*	Cyprus	100,00	Full
INTERSPORT ATHLETICS (CYPRUS) LTD*	Cyprus	100,00	Full
WYLDES LIMITED LTD*	Cyprus	100,00	Full
INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş.*	Turkey	100,00	Full
TRADE ESTATES CYPRUS LTD*	Cyprus	100,00	Full
TRADE ESTATES BULGARIA EAD*	Bulgaria	100,00	Full
HOUSEMARKET ESTATES CYPRUS LTD*	Cyprus	100,00	Full

***** *Companies in which FOURLIS HOLDINGS S.A. has an indirect participation*

Also in Consolidated Financial Statements the below mentioned related companies are included.

Company	Location	% Holding	Consolidation Method
VYNER LTD*	Cyprus	50,00	Net equity
SW SOFIA MALL ENTERPISES LTD*	Cyprus	50,00	Net equity

** Companies in which FOURLIS HOLDINGS S.A. has an indirect participation*

On 28/2/2019, Hellenic Capital Market Commission announced the granting of license to the Group company under formation "TRADE ESTATES Real Estates Investment Company", for its operation as a) a Real Estate Investment Company according to the provisions of L. 2778/1999 and b) an internally managed Alternative Investments Fund Manager ("AIFM") according to the provisions of L. 4209/2013. On 18/7/2019, TRADE ESTATES CYPRUS LTD was founded operating in Real Estate generally and located in Limassol Cyprus. On 19/8/2019 TRADE ESTATES BULGARIA EAD was founded operating in Real Estate generally and located in Sofia Bulgaria. On 19/12/2019 H.M. ESTATES CYPRUS LTD, located in Limassol Cyprus, was acquired and operates generally at investments in companies regardless their type and purpose. The establishment of the real estate companies in Cyprus and Bulgaria are integrated in the context of exploiting new investing opportunities for the Group regarding the Group's Company under formation TRADE ESTATES S.A. The strategic planning of TRADE ESTATES Real Estate Investment Company includes the identification of an anchor investor who will invest substantially to the share capital of the newly incorporated company which together with the forthcoming initial public offering, will amount to at least 50% (Note 9).

During the period 1/1 – 31/12/2019 the following share capital changes were realized at the parent company and its direct subsidiaries:

FOURLIS HOLDINGS S.A.:

Following resolutions of the General Assembly of the shareholders of the company held on 14/6/2019 (relevant minutes of the G.A. with number 23/14.6.2019), the share capital of the company decreased by the amount of € 5.180.731,40 with reduction of nominal value of each share by the amount of € 0,10 and corresponding capital return to shareholders.

The aforementioned change was registered to the General Electronic Commercial Registry (GECR) on 3/7/2019 (Code Registration Number 1782688), with the relevant 1580186/3.7.2019 announcement issued by the Minister of Finance and Development.

Under the context of the previous Stock Option Plan which was approved and established by the resolution of the Extraordinary General Assembly of the shareholders on 27/9/2013 (Stock Option Plan – hereinafter "the Program"), within the year 2019, 197.647 options were exercised (hereinafter "the Options"). Following the resolution of the Board of Directors on 18/12/2019 (relevant minutes of the BoD with number 408/18.12.2019), the exercise of the aforementioned options from the

corresponding beneficiaries of the Program was certified by payment of the exercise price of the new shares.

It is noted that the underlying value of the shares to which the remaining stock options reflect, was initially determined at the amount of €3,40 per share, which was the stock closing price of the share on the date of the resolution of the General Assembly for the SOP (27/9/2013). Already, the resolutions 20/11/2017, 19/11/2018 and 18.11.2019 of the BoD (relevant minutes of the G.A. with number 389/20.11.2017, 399/19.11.2018 and 407/18.11.2019) resulted to the readjustment of the historical share price of the Company and therefore the implemented exercise price of stock options of the SOP is € 3,2226 per share.

Following the certification of the payment of the exercise price of the Stock Options by their beneficiaries, namely the amount of € 636.937,23, 197.647 new common nominal shares were issued and delivered to the corresponding beneficiaries of the Program, of nominal value € 0,81 per share, while the share capital of the Company increased by the amount of € 160.094,07 which reflects to the nominal value of the new shares. Moreover, following the exercise of the aforementioned Options by payment of the exercise value, namely € 3,2226 per share according to the aforementioned, the share premiun, of total amount € 476.843,15, was transferred to "Share Premium reserve".

The aforementioned change was registered to the General Electronic Commercial Registry (GECR) on 24/1/2020 (Code Resistration Number 2062748), with the relevant 7890/24.01.2020 announcement issued by the Minister of Finance and Development.

Following these changes, the share capital of the Company now amounts to € 42.124.018,41 divided into 52.004.961 shares of nominal value € 0,81 per share, totally paid.

During the period 1/1 – 31/12/2019, no other share capital changes were realized at FOURLIS HOLDINGS SA.

2. Basis of presentation of the Financial Statements

2.1. Basis of preparation

The accompanying Financial Statements consist of the separate financial statements of the parent Company and the consolidated financial statements of the Group and have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The Board of Directors approved the accompanying financial statements for the year ended on December 31 2019, on March 16, 2020. These financial statements are subject to the approval of the General Assembly of the Company's shareholders.

The accompanying separate and consolidated financial statements have been prepared on the historical cost basis, except for certain data of Assets and Liabilities (investment properties, financial hedging instruments, investments/financial assets available for sale) that have been measured at fair value, and assuming that the Company and its subsidiaries will continue as a going concern. All amounts are presented in thousands of Euro, unless otherwise stated and any differentiations in sums are due to rounding.

2.2. Significant accounting judgments and estimates

The preparation of financial statements based on IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Estimates are based on management's previous experience including expectations of future events under normal conditions. The aforementioned judgments, estimates and assumptions are periodically re - assessed in order to be in line with current available data and reflect current risks.

When applying the Group's accounting policies, management has made the following judgments, estimates and assumptions that may have a significant impact on the items reported in the financial statements:

Estimates:

- *Deferred Tax assets:* deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward unused tax losses can be utilised. The recognition of deferred tax assets requires significant judgments and estimates to be made in relation to the future activities and prospects of the Group companies and as to the level and timing of future taxable profits (Note 3.20 and 26 of Financial Statements).
- *Fair Values of investment properties:* the Group carries its investment properties at fair values as determined by independent appraising firms. The fair values of investment properties are assessed on an annual basis. The determination of the fair values of properties requires assumptions with respect to future cash flows from rents with the use of DCF (Note 3.8 of Financial Statements).
- *Impairment test of investments in subsidiaries:* at each reporting date, the Parent Company examines whether there are impairment indicators in relation to its investments in subsidiaries. Such assessment requires management to make significant judgements with respect to the existence of internal or external factors and the extent to which they affect the recoverable amount of these investments. If impairment indicators exist, the Company determines the recoverable amount of these investments. The determination of the recoverable amount requires estimates to be made with respect to the expected future cash flows of the investment, the business plans of the subsidiaries, and the determination of the applicable discount and growth rates. (Note 10 of Financial Statements).

- *Impairment test of property, plant and equipment, right of use assets and assets held for sale:* property, plant and equipment is constantly tested in order to define if there are indications which show that its book value is not recoverable. The Group considers, for impairment test purposes, that (a) each store basically is a cash flow generating unit while, (b) per case, assets or group of assets classified as held for sale may consist a cash flow generating unit (CGU). In cases that property, plant and equipment is part of CGU and there are impairment value indications that the recoverable amount of the CGU is determined as the higher amount between value in use and fair value. Value in use is calculated by implementing the cash flow discount method, taking into consideration Management's estimations (business plans 5-7 years) and any contingent impairment is determined by the comparison of book value and value in use. Fair value is calculated from independent appraisors report according to commonly accepted valuation principles (Note 7 of Financial Statements).
- *Useful lives of property plant and equipment:* Management makes estimates when determining the useful lives of depreciable assets. Such estimates are periodically reviewed. The useful lives estimated and applied are discussed in Note 3.7 and 3.9.
- *Post - retirement benefits to personnel:* post - retirement obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of a discount rate, future salary increases, disability rates, mortality rates and departure rates. Due to the complexity of the valuation and the basic assumptions included therein, a defined benefit obligation is highly sensitive to changes in these assumptions. Actuarial gains and losses that result from the difference among the actuarial assumptions are recognized in Statement of Other Income. Such actuarial assumptions are periodically reviewed by Management. Further details are provided in Note 20.1.
- *Share-based Payments:* Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20.2 of the Financial Statements.
- *Right of use assets:* On the beginning date of the leasing period, a right of use asset and an liability are recognized by calculating present value of leases which remain unpaid, discounted with leasing interest rate (interest rate which would be accepted by the lessee in order to be loaned all necessary funds with similar terms). The Group determines the leasing duration as the contractual leasing duration, including the period which is covered by a) the right to extend leasing if it is almost sure that it will be exercised, or b) the right to terminate the contract if it is

almost sure that it will be exercised. The Group implements a single discount rate at each leasing category with similar characteristics (as leasing with similar duration, assets and economic environment).

Afterwards, the asset is measured at cost less depreciation and any impairment losses while, the liability is measured by increasing book value with interest expenses on the liability and by decreasing book value with leases payment. Further details are provided in Note 23 and 8.

- *Assets held for sale:* The Group classifies an asset or a group of assets as held for sale when the following conditions are met: the asset (or group of assets) is available and in condition for direct sale and the sale is very likely to take place within 12 months since its classification date as held for sale. Right at the moment before their classification as assets held for sale, these assets are tested for impairment based on IAS 36. Assets which have been classified as held for sale are measured at the lower price between book value and fair value minus all sale costs. Any impairment loss is recognized in statement of comprehensive income. Impairment test of assets classified as held for sale took place entirely for assets described in Note 9, as a cash generating unit, due to the fact that it was considered that the sale will only take place as a whole and not each one asset separately and the sale criteria based on IFRS 15 are met. Further details are provided in Note 9.

Judgments:

- *Provisions for impaired receivables:* provisions of impaired receivables are based on the historical data of receivables and take into consideration the expected credit risk. The analysis of impaired receivables of Statement of Financial Position is included in Note 14 of Financial Statements.
- *Provisions for slow moving goods:* Inventory turnover ratio is tested regularly and provisions are made for the slow moving goods, underestimated goods which will be written-off within the next period, estimations for seasonality of goods and estimation for future sale price which are presented in Note 13 of Financial Statements.
- *Revenue from contracts with customers:* The Group estimates the fair value of non-redeemed points by using historical data and by assessing exercise possibility.

2.3 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group and Company as of 1 January 2019.

- **IFRS 16: Leases**

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor').

IFRS 16 replaces the current accounting treatment of leases based on IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives and

SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease.

The new standard requires lessees to recognize most leases on their financial statements. Lessees have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. More specifically, IFRS 16 introduces a single presentation model of all leases at the Statement of Financial Position of all companies. The lessee recognizes a right of use which represents its obligation to pay the relative leases. The standard provides exceptions for current leases (lower than 12 months) and leases of assets of low value. Accounting treatment of leases for lessors remains the same with the currently existing standard, namely the lessors will continue to classify their leases at financial and operating.

The actual impact of the adoption of the standard on 1/1/2019 is presented in Notes 8 and 23.

Transition to the new standard

The Group / Company implemented for the first time IFRS 16 on 1/1/2019 by using the modified retrospective approach. Based on this approach the Group/Company:

- Recognized a liability which will be measured at present value as resulted from the discounting of leases remaining to be paid, with the extra loan interest rate that was in force on the date of the initial implementation.

- Recognized an asset right of use, by measuring this right to an amount which will equal to the respective liability which will be recognized.

The impact of the implementation was registered as adjustment in retained earnings on 1/1/2019, without any amendment at comparative information.

The Group/Company also used the exception provided by the standard regarding the determination of leases. This practically means that the requirements of IFRS 16 were implemented at all contracts which were in force on 1/1/2019 and had been recognized as leasing based on IAS 17 and IFRIC 4.

The Group/Company used the exceptions of the standard regarding leasing with remaining duration less than 12 months upon the date of the initial implementation of the standard and low value asset leasing.

Group's accounting policy for the new standard

What is a lease under IFRS 16

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Recognition exemptions under IFRS 16

- Short-term leases
- Leases where the underlying asset has a low value
- Leases with variable lease payments

Lease duration

The non-cancellable period for which a lessee has the right to use an underlying asset, plus extension or termination options if the lessee is reasonably certain to exercise them.

The Group defines the leasing duration as the contractual time of leasing and takes into account the extension or termination options of leasing as long as there is a certainty that they will be exercised. The majority of leasing contracts of the Group include early termination terms almost without penalty.

Starting date of leasing period

Upon lease commencement the lessee recognises a right-of-use asset and a lease liability as follows:

Initial measurement of right of use asset = Initial measurement of leasing liability.

The present value of the lease payments payable over the lease term, discounted at the implicit rate of the lease if that can be readily determined or the lessee's incremental borrowing rate (the interest rate that a lessee would accept to borrow the necessary funds under similar terms namely a loan duration equals to the lease term and with similar security to obtain the asset).

Moreover, the Group/Company decided to implement a single discount rate in every lease category with similar characteristics (leases with respective duration, similar assets and respective economic environment).

Subsequent measurement of right of use asset

The lessee measures the right of use asset at cost less accumulated depreciation and accumulated impairment.

Subsequent measurement of lease liability

The lessee measures lease liability by increasing book value with lease liability interest and decreasing book value with lease payments.

Lease liability interest results from the implementation of lease interest rate or borrowing rate.

Revaluation of liability

It is conducted if there is a change at lease duration.

Presentation

- Right of use assets separately from the other assets in statement of financial position.
- Lease liabilities separately from the other liabilities.
- Interest expense of lease liability separately from depreciation cost for right of use asset in income statement and statement of comprehensive income.
- Cash payments for the part of the liability regarding capital, interests and non-IFRS 16 leases in cash flow statement

- **IFRS 9: Prepayment features with negative compensation (Amendment)**

  The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. Management of the Group and Company estimates that this amendment does not have any impact on the financial statements.

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**

  The Amendments relate to whether the measurement, in particular impairment requirements, of long- term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. Management of the Group and Company estimates that this amendment does not have any impact on the financial statements.

- **IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments**

  The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The change does not have impact on the Group' s companies.

- **IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)**

The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. Management of the Group and Company estimates that this amendment does not have any impact on the financial statements.

- The **IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. Management of the Group and Company estimates that this amendment does not have any impact on the financial statements.
    - ***IFRS 3 Business Combinations and IFRS 11 Joint Arrangements*****:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
    - ***IAS 12 Income Taxes*****:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
    - ***IAS 23 Borrowing Costs*****:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

Standards issued but not yet effective and not early adopted by the Group/Company

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management of the Group and Company estimates that this amendment will not have any impact on the financial statements.
- **Conceptual Framework in IFRS standards**

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- **IFRS 3: Business Combinations (Amendments)**

  The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU. Management of the Group and Company estimates that this amendment will not have any impact on the financial statements.
- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)**

  The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. Management of the Group and Company estimates that this amendment will not have any impact on the financial statements.

- **Interest Rate Benchmark Reform - IFRS 9, IFRS 7 (Amendments)**

  The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Earlier application is permitted. In September 2019, the IASB issued amendments to IFRS 9 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Phase two will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments, which require forward-looking analysis. The amendments provided temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. Management of the Group and Company estimates that this amendment will not have any impact on the financial statements.

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. Management of the Group and Company estimates that this amendment will not have any impact on the financial statements.

3. Summary of significant accounting policies

The Financial Statements have been prepared in accordance with the following accounting principles:

3.1. Basis of Consolidation

Consolidated Financial Statements comprise of the financial statements of the Company and all subsidiaries controlled by the Company directly or indirectly. Control exists when the parent company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The subsidiaries' financial statements are prepared as of the same reporting date and using the same accounting policies as the parent company. Intra - group transactions (including investments in related companies), balances and unrealized gains are eliminated. Subsidiaries are fully consolidated from the date that control commences and cease to be consolidated from the date that control is transferred out of the Group. Losses within a subsidiary are attributed to the non - controlling interest even if that

results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The financial results of subsidiaries, that are acquired or sold within the year, are included in the consolidated statement of comprehensive income from or up to the date of acquisition or sale, respectively.

3.2. Business Combinations and Goodwill

Business Combination is a transaction or another event during which an acquirer takes over control of one or more businesses. A Business is a combination of activities and assets that can be leaded and managed in order to return profits directly to its owners.

If the acquired assets do not compose a business, the transaction or any other fact are accounted as an acquisition of an asset and the acquisition cost is allocated among assets and liabilities based on the relative fair values during the acquisition date.

Business Combination is accounted for using acquisition method. The cost of acquisition of a subsidiary is the fair value of the assets contributed, the shares issued and the liabilities assumed at the transaction date, plus the amount of any non - controlling interest in the acquiree. For each business combination, the acquirer measures the non - controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net asset. Acquisition costs are expensed when incurred.

If the cost of acquisition is less than the fair values of the net identifiable assets acquired, the difference is recorded directly to the income statement.

Goodwill arising from subsidiaries' acquisitions is recorded as an intangible asset. Goodwill is not amortized but at least annually is subject to impairment test. As a result, after initial recognition, goodwill is measured at cost, less any impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the combination. The impairment test is performed by comparing the recoverable amount of the cash generating unit to its carrying value including the allocated goodwill. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The value in use is determined via a discounted cash flow analysis. Impairment losses relating to goodwill cannot be reversed in future periods.

Gains or losses arising from the disposal of subsidiaries are determined after taking into account the goodwill allocated to the disposed unit.

3.3 Investments in subsidiaries

In the separate financial statements of the parent Company, investments in subsidiaries are accounted for at cost, less any impairment in value. Impairment tests are carried out when there are clear indicators of impairment, in accordance with IAS 36 "Impairment of Assets".

3.4 Investments in associates

Associates are those entities, in which the Group has significant influence but which are neither a subsidiary nor a joint venture of the Group. A percentage holding from 20% to 50% implies significant influence. Such percentage holding indicates that company is an associate. Investments in associates are accounted for using the equity method based on which the investment is carried at cost plus post-acquisition changes in the Group's share of net assets of the associate, less provisions for any impairment in value. Goodwill arising upon the acquisition of associates is included in the value of investment, while any negative goodwill is recorded in the income statement upon acquisition.

The Group's share in the gains or losses of associates after acquisition is recognized in the statement of comprehensive income, while post - acquisition movements in reserves are recognized directly in reserves.

In applying the equity method of accounting, the Group appropriately adjusts the financial statements of those associates who are not applying IFRS so as to comply with IFRS and be uniform with the accounting policies of the Group. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are eliminated, unless the transaction provides evidence of impairment of the transferred asset.

When the Group's participation to the associate's losses equals or exceeds its interest in an associate, including any other bad debts, the Group does not recognize further losses, unless it has any liabilities or made payments on behalf of the associate and generally those arising from the ownership status. In the separate financial statements of the Parent Company, investments in associates are accounted for at cost less any accumulated impairment losses.

3.5 Segment information

The Board of Directors of the Company is the chief operating decision maker and monitors internal financial reporting information in order to evaluate the performance of the Company and the Group and to take decisions about resource allocation.

Management has defined its segments based on these internal reports according to IFRS 8. The operating segments are defined as those business segments where the Group is active and on which the internal information system of the Group is based.

For the categorization by business segment, the following has been taken into account:

- the nature of products and services,
- quantitative limitations, required by IFRS 8.

According to the aforementioned, the Group presents information by operating segment as follows (Note 5):

- Retail Trading of Home Furniture and Household Goods (IKEA stores).
- Retail Trading of Sporting Goods (INTERSPORT and TAF stores).

3.6 Foreign currency translation

Current / Non-current assets and liabilities: classification

The Group presents the assets and liabilities in statement of financial position based on the classification as current / non-current.

An asset is classified as current when:

- It is expected to take place or its sale / consumption has been predicted within the next period
- It is mainly maintained for trading purposes
- It is expected to take place within twelve months since the reference period.

Or it is cash or cash equivalent, unless they have been eliminated from the exchange or their use in order to settle a liability for at least 12 months after the reference period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled within the next operation year
- It is mainly maintained for trading purposes
- It is clarified that it will be settled within 12 months after the reference period.

There is no unconditional right to postpone the solution of a liability for at least 12 months after the reference period.

The liability terms which could, upon the selection of the counter-party, lead to its settlement, by issuing financial products, do not affect its classification.

The Group classifies all its other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(a) Functional currency and reporting currency

The companies of the Group maintain their books in the currency of the financial environment in which each company operates (functional currency). The consolidated financial statements are presented in Euro's which is the functional currency of the parent Company.

(b) Transactions and balances

Transactions in foreign currencies are converted to the functional currency according to the foreign exchange rates ruling at the date of the transaction. Foreign exchange differences arising on translation of monetary assets and liabilities denominated in foreign currencies at the reporting date are recognized in the statement of comprehensive income. Foreign exchange differences on non-monetary items carried at fair value are considered as part of the fair value of those items and are recorded together with the fair value adjustments.

(c) Foreign Group Companies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. The translation of the financial statements of the Group's companies which use a different functional currency from the parent company is performed as follows:

- Assets and liabilities are translated to Euro at the foreign exchange rate ruling at the date of the Statement of Financial Position.
- Equity is translated at historic rates.
- Income and expenses are translated using the average foreign exchange rate of the period and on an annual base according to the average foreign exchange rate of the last twelve (12) months.
- The resulting foreign exchange differences (gains/losses) are recognized in other comprehensive income and in Foreign Exchange differences from Statement of Financial Position translation Reserve. When subsidiaries operating in foreign countries are sold, accumulated foreign exchange differences existing in the Foreign Exchange differences from Statement of Financial Position translation Reserve are recognized to the statement of income as gains or losses from investments sales.

Goodwill and adjustments to fair values upon an acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate of the date of the Statement of Financial Position and foreign exchange differences are recognized in equity.

3.7 Property, plant and equipment

Property, plant and equipment are measured, by category, as follows:

- All categories of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.
- Cost includes all directly attributable costs for the acquisition of the items of property, plant and equipment. These costs include borrowing costs of loans drawn to finance the acquisition or construction of assets which are capitalized until the date when the assets are ready for their intended use.

Significant additions and improvements are recognized as part of the cost of the asset when the recognition criteria are met. All other costs (repairs and maintenance) are recognized in the statement of comprehensive income as an expense as incurred.

Upon disposal of an item of property, plant and equipment, the difference between the consideration received and the carrying value is recorded as gain or loss in the Income Statement.

Depreciation is calculated on a straight - line basis over the estimated useful economic life of the assets. Useful lives are reviewed on an annual basis.

The estimated useful lives of the Group's property plant and equipment, except of the land that is not depreciated, are as follows:

Category	Useful life
Buildings - Building installations (owned premises)	10 - 40 years
Buildings on third party land	10 – 36 years
Machinery and equipment	9 - 10 years
Motor vehicles	6 - 9 years
Miscellaneous equipment	4 - 10 years

Owner - occupied buildings or buildings whose use has not yet been determined and which are under construction are recorded at cost less any impairment losses. This cost includes professional compensations and borrowing costs. The depreciation of that owner - occupied buildings begins from the time the buildings are ready for use.

3.8 Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which is evaluated annually. In case of owner occupation, the investment property is derecognized and transferred to property, plant and equipment at fair value on the transfer date. The carrying value of investment property reflects the market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property fair value are recognized in the Income Statement of the period they occur.

3.9 Intangible assets

The intangible assets of the Group (excluding goodwill) are depreciated over their useful life which is annually reviewed.

- **Royalties**

Trademarks and licenses are valued at cost less amortization. Amortization is charged to the statement of comprehensive income on a straight - line basis over the estimated useful lives, which have been determined from 5 to 20 years.

- **Software - Other intangible assets**

Software licenses are valued at cost less amortization. Amortization is charged on a straight - line basis over the estimated useful lives and the depreciation rate is 15%.

Expenditure on development and maintenance of software is expensed as incurred. Expenditure of development activities for the production of new or substantially improved software (in - house developments), is recognized as intangible assets when the following criteria are met: a) when a specific asset is created, b) when it can be demonstrated that the intangible asset will generate probable future economic benefits and c) when the expenditures of development can be measured reliably. Such expenditures include also labor costs and an appropriate proportion of overheads. In case of software replacement, while the old one is no longer in use, intangible asset is permanently deleted from the Books and the net book value burdens the income statement.

Costs incurred for performing software upgrades, are capitalized and the new gross value forms the depreciable amount.

3.10 Impairment of non - financial assets except Goodwill

Property, plant and equipment is constantly tested in order to define if there are indications which show that its book value exceeds their recoverable value. The Group considers, for impairment test purposes, that each store is a cash generating unit (CGU). In cases where property, plant and equipment is part of CGU, such as a store and there are impairment indications which could lead to the conclusion that its book value exceeds their recoverable value, the recoverable amount of the CGU is determined by the calculation of value in use. Value in use is calculated by implementing the cash flow discount method, taking into consideration Management's estimations as presented in business plans of timeline 5-7 years. Any contingent impairment is determined as the excess amount of book value compared to value in use and is registered in income statement.

The carrying amounts of all Group's assets are reviewed for possible impairment when there is indication that the book value can't be recovered i.e. when the book value is higher than the recoverable amount from their use or sale.

The recoverable value is the greater of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre - tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable value is less than the carrying value, then the net book value is reduced to the recoverable value.

Impairment losses are expensed as incurred in the Statement of Income, except if the asset has been revalued, then the impairment loss reduces the related revaluation reserve. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exists of have decreased. If such indication exists, the Group estimates the asset's recoverable amount. When in a subsequent period, the impairment loss should be reversed; the carrying value of the asset is increased to the level of the revised estimation of recoverable amount. The new net book value should not exceed the net book value that would have been determined if the impairment losses had not been accounted in previous periods.

3.11 Financial instruments – initial recognition and measurement

IFRS 9 Financial Instruments

<u>Classification and measurement of financial assets:</u>

According to IFRS 9, financial assets are measured at fair value plus, in the case of financial assets not measured at fair value through profit and loss (Fair Value through Profit and Loss – FVPL), the transaction cost. Debt instruments are measured subsequently at fair value, through profit and loss, at amortized cost or fair value through other comprehensive income (Fair Value through Other Comprehensive Income – FVOCI). Classification criteria of financial assets are two: a) business model of financial assets management implemented by the Group and b) the financial asset (as a whole) give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding (SPPI test - Solely Payments for Principal and Interest).

On 1/1/2018 the Management of the Group, valuated which business models are in force for the Group's financial assets and classified its debt instruments at amortized cost. Indicatively, its financial instruments consist of trade receivables, investments in term deposits and treasury bills.

<u>Other financial assets are classified and subsequently measured as follows:</u>

Group's investments in equity instruments are classified at fair value through other comprehensive income, without re-recognition of earnings or losses in profit and loss with the de-recognition. The Group's aims to maintain these equity instruments for the near future and irrevocably decided to classify them at fair value through other comprehensive income after the initial recognition or transaction. According to IFRS 9, equity instruments measured at fair value through other comprehensive income are not subject to impairment test.

3.12 Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either through deletion or through use of an allowance account.

The amount of the loss is recognized in profit or loss. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Trade receivables (Note 14)

For trade receivables the Group implements simplified approach for the calculation of credit losses ECL. Therefore the Group does not monitor changes in credit risk, but recognizes a percentage of losses which is based on ECL at every reporting period. The Group has conducted a provisions table based on historical experience of credit losses, adjusted with future factors appropriate for debtors and economic environment.

IFRS 9 Financial Instruments

IFRS 9 adoption changed the Group's accounting for impairment losses of financial assets. IFRS 9 obliges the Group to conduct provision based on expected credit losses for all loans and other debt instruments which are not maintained at fair value through profit and loss. Expected credit losses are based on the difference between due cash flows according to contract and the total of cash flows that the Group expects to receive. Afterwards, the deficit is approximately discounted with the initial actual interest rate of the financial asset.

Regarding trade and other receivables, the Group implements simplified approach of the standard by calculating the expected credit losses based on expected credit losses for the whole life. The Group uses past experience to identify payment default risk as well as information for the future at the end of each reporting period concerning its debtors and general financial environment. Under this strategy, the Group identified the provision for loss on 1/1/2019 without a substantial deviation to the provision for loss of 31/12/2018.

All other financial assets which are measured at amortized cost, are characterized as low credit risk and their fair value approaches book value.

3.13 Inventory

Inventory (goods) is valued at the lower of cost or net realizable value. Cost is determined by using the weighted average method. The net realizable value is the estimated sales price at the ordinary operation of the company less any costs to sell having in mind seasonality and other conditions. The cost of inventory does not include any financial expenses.

3.14 Trade receivables

Trade receivables are recognized initially at fair value and they are subsequently valuated at the amortized cost by using the effective interest rate method, less provision for impairment.

When there is evidence of impairment of receivables, the carrying value is reduced to its recoverable amount, which is the present value of expected future cash flows discounted at the initial effective interest rate. Then, the interest is calculated at the same rate on the impaired (new book) value.

3.15 Cash and cash equivalent

Cash and cash equivalents include cash at banks and on hand, as well as short term (up to 3 months) investments of high liquidation and low risk.

3.16 Assets held for sale and discontinued operation

Assets held for sale and discontinued operation are valued at the lower price between carrying amount and fair value less costs to sell.

Any possible fair value increase in a subsequent valuation is registered in Profit and loss but for amounts not bigger than the initially registered impairment loss. Since the date on which an asset is classified as held for sale, this asset is no longer depreciated or amortized. Before their classification, an impairment test for these specific assets takes place and it is tested if they compose a single cash generating unit. Assets of Note 9, compose a CGU mainly because altogether they can be contributed in TRADE ESTATES S.A. Real Estate Investment Company.

Assets held for sale are classified as such, provided that their carrying value will be mainly recovered through sale rather than through continuing use. This condition is considered valid only when the sale is highly probable and the asset is available for immediate sale at its current condition. In order for the sale to be very possible, the management must have a plan for the sale of the asset (or the group of assets) and must be committed to this, while an active plan has been initiated so as to find a buyer and complete the program. Moreover, active efforts must be done in order to sell the asset (or group of assets) in a reasonable price compared to its current fair value. Also, the Management must have proceeded its actions for the sale at such point so as to be expected to be completed either based on stipulated by contractual time commitment or within a year from classification date.

A discontinued operation is an integral part of a financial entity that either has been sold or has been classified as held for sale and:

a) represents a separate major part of business operations or a geographical area of operations,
b) is part of a single, coordinated divestment program of a great part of operations or a geographical area of operations or
c) is a subsidiary acquired exclusively with the prospect to be resold.

3.17 Share Capital

Direct costs incurred for increases in share capital are recorded, net of related income taxes against the share premium reserve. The cost of treasury shares net of any related income tax is recorded as a reduction of equity, until these shares are sold or cancelled. Any gain or loss on sale of treasury shares, net of direct transaction costs and any related income tax is recorded as a reserve account under equity.

3.18 Loans

Loans are initially recorded at their fair value less any direct costs related to the transaction. After initial recognition, they are subsequently measured at amortized cost using the effective interest rate method.

Interest and related expenses on loans taken for purchase or construction of fixed assets are capitalized. Capitalization of borrowing costs ceases when the asset is ready for its intended use. In case of borrowing specifically for the purpose of constructing or acquiring an asset, the borrowing costs related to the loan agreement are directly capitalized. Otherwise, in order to determine the part of the loan related with that fixed asset, a method is implemented to determine the proportion of the capitalized interest and the proportion of the interest which will be recorded to the statement of comprehensive income as an expense. Revenues, occurred as a result of investing part of a loan taken for construction of a fixed asset, reduce the amount of borrowing costs capitalized.

Loan expenses paid upon signing of new credits are recognized as loan expenses if part or total of the new credit line is received. In that case, they are registered as future loan expenses until the loan is received. If the new loans are not used, partly or fully, then these expenses are included in prepaid expenses and are recognized in income statement during the period of the relevant credit line.

3.19 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to mitigate the risk arising from fluctuations in interest rates (Note 22). Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The effective part of hedges that qualify for hedge accounting is recognized directly to equity if it is related to cash flow hedges while the ineffective part is charged to the consolidated income statement, while the non - effective part is recognized in the statement of comprehensive income. If the hedge is related to effective fair value hedges, the gain or loss from re-measuring the derivative hedging instrument at fair value is recognized in profit or loss and the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in profit or loss.

Under cash flow hedge accounting, when the hedged firm commitment results in the recognition of non - financial asset or a non - financial liability, then, at the time the asset or liability is recognized the associated gains or losses that had previously been recognized in equity are included in the initial

measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognized in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the statement of comprehensive income.

The new requirements regarding hedge accounting have improved hedging instruments accounting through risk management measures implemented by the Group and therefore, the number of hedge relationships, which meet the criteria for the implementation of hedge accounting, is expected to increase. On the date of the initial implementation, all Group's current hedge relationships would be recognized as ongoing hedge relationships. Following the implementation of IFRS 9, the Group recognizes changes in time value of stock options as deferred amount at a new reserve "hedge accounting" within the Group's equity. Deferred amounts are recognized against relevant the hedge transaction when it occurs. However, since the amounts were insubstantial, no change occurred at the comparative basis.

3.20 Current and Deferred Tax

Taxes recorded in the statement of comprehensive income include both current and deferred taxes.

Current income tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity. In this case it is recognized, in a similar way, directly in equity. Current income taxes include the current liabilities and/ or assets, to or from the tax authorities, relating to the taxes payable on the taxable income of the period. Current taxes are increased by any income taxes related to provisions for tax differences or additional taxes which are imposed by the tax authorities upon audit of the unaudited tax years.

Deferred tax assets and liabilities are measured at the tax rates which are expected to apply in the year where the asset or liability will be settled, taking into account the tax rates (and tax laws) that have been enacted or are virtually applicable at the reporting date.

Deferred taxes arise on temporary differences between the recognition of assets and liabilities for tax purposes and those for the purposes of preparation of the financial statements. Deferred tax is calculated using the liability method on all taxable temporary differences at the reporting date, between the tax basis and book value of assets and liabilities.

The expected tax effects of temporary tax differences are recognized either as future (deferred) tax liabilities or as deferred tax assets. In case of an inability to accurately measure temporary tax differences, the initial recognition is made based on estimation of the reversal time and such estimation is reviewed each year.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses, to the extent that it is probable that sufficient future taxable income will be available against which the unused tax losses and tax credits can be used or sufficient taxable deductible temporary differences that incur in the same company and will be recovered. Significant judgement is required by the

Management in order to define the value of deferred tax assets which can be recognized having in mind the future tax incomes as well as the tax plan of the Group.

The Group sets off deferred tax assets and deferred tax liabilities only if:

- it has a legal right to set off current tax receivables against current tax payables and
- deferred tax assets and deferred tax liabilities relate to income tax imposed by the same tax authority.

As a result deferred tax assets and liabilities are presented on a net basis in the separate financial statements of the Company while such items are presented separately in the consolidated accounts of the Group.

If the deferred income tax arises from initial recognition of an asset or liability in a transaction other than business combination, then it does not affect the neither the accounting nor the taxable profit or loss and therefore it is not taken into account.

The tax rates in the countries that the Group is operating for the year 2019 are presented below:

Country	% Income Tax/ Deferred Tax
Greece	24,0%
Romania	16,0%
Cyprus	12,5%
Bulgaria	10,0%
Turkey	22,0%

3.21 Employee Benefits

Employee benefits are:

a) Short term benefits

Short term benefits to employees in money or in kind are recorded as an expense as they accrue.

b) Post - retirement benefits

Companies of the Group pay retirement compensation to their employees. Such compensation varies in relation to the employees' years of service and salary payable at the time of retirement and is accounted for as a defined benefit plan. Post - retirement obligations are calculated at the present value of future employee benefits accrued as at the end of the reporting period, based on the benefits to be earned over their expected labor life. The above mentioned obligations are calculated based on

actuarial valuation methods and are determined using the Projected Unit Method. Net costs of the period are included in the attached statement of comprehensive income and consist of the present value of the employee benefits that were accrued during the current year, the interest derived from the employee benefit obligation and the actuarial gains and losses which are recognised in full in the period in which they occur in the comprehensive income and they are not transferred in income statement in next periods. Full yield curve method is used for the definition of the discount interest rate in the calculation of the present value of the employee benefits.

c) State insurance programs

The employees of the Greek subsidiaries of the Group are covered, in terms of insurance programs, mainly through the Social Insurance Institution (IKA) the largest Social Security Organization of the private sector, which supplies pension and medical coverage. Every employee is obliged to participate partially, through his salary, in the costs of the insurance program, while the remaining cost is covered by the Group. Upon retirement, the pension fund is responsible to cover the obligation of pensions and retirement benefits to the employees. As a consequence the Group does not have any other legal or future obligation to cover future employee benefits according to this pension program. This program is considered and accounted for as a defined contribution plan whereby the accrued social security contributions are recorded as an expense in the financial period in which they are incurred.

d) Private insurance programs

Every full time employee of the Group belonging to the management team, according to the internal company policy, is covered by a private insurance pension and other benefits program. The Group covers, the contract defined fees, while the financial management of the program is performed by the Insurance Firm. This program is considered and accounted for as a defined contribution plan whereby the accrued cost of the insurance fees is recorded as expense in the period in which they are incurred.

e) Stock option plan (IFRS 2)

The Company intends to attract, retain and incentivise the executives of the Company and the executives of its subsidiaries and affiliated companies, as through the Stock Options plan, the participants have a direct equity interest in the Company which link their performance to the Company's future performance and the increase of shareholder value. This program regards equity shares transactions.

The Company makes decisions regarding the implementation of the Stock Option Plan – to executives of the Company and its subsidiaries and affiliates in compliance with par.5 of Art.42e of Law 2190/1920.

A basic condition for participation in the Stock Options plan is the salaried working relationship of executives with the Company or its subsidiaries and affiliates.The cost of equity settled transactions is measured by reference to the fair values at the date in which they are granted and is recognized as an expense over the period from grant date to maturity date of the options with a concurrent increase in equity.

The program takes into account the following variables: Exercise price, Share price at grant date, Grant Date, Maturity date(s) of rights, Expected Stock Volatility (Volatility), Dividend Yield, Risk Free Rate.

3.22 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognized as deferred income and amortized over the expected useful life of the related asset. Such amortization is presented in other income in Statement of Comprehensive Income (Note 22).

3.23 Contingent liabilities and Provisions

Provisions are recognized when the Group has a present legal, contractual or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the present value of the expense expected to be required to settle the liability.

Contingent liabilities and assets are not recognised in the financial statements but are disclosed unless there is a probability of financial outflow or inflow.

3.24 Revenue and expense recognition

Revenue is measured at the fair value of sales of goods and provision of services, net of Value Added Tax, discounts and returns. Inter - company revenues are eliminated.

The recognition of revenue is accounted for as follows:

- *Sales of goods:* Sales of goods are recognized when the Group invoices and delivers the goods to the customers and the goods are accepted by them. Retail sales are through cash payments or through credit cards. In these cases the income recorded is the amount received by the customer.
- *Provision of services:* The income from provision of services is recorded in the period in which the services are provided, based on the stage of completion of the provided service.
- *Interest income:* Interest income is recognized proportionally in time and by using the effective interest rate.
- *Dividends:* Dividends are recorded as income when the right to collect vests which is upon the decision of the General Assembly (ordinary or extraordinary). Expenses are recognized in the statement of comprehensive income as accrued.

- *Advertising costs:* Advertising costs are expensed as incurred and are included in distribution expenses.
- *Borrowing costs:* Underwriters costs, legal and other direct costs incurred during the issue of long term loans are deducted from the loan balances and are recorded to the statement of comprehensive income based on the effective interest rate method over the duration of the loan. Borrowing cost is recognized as an expense during the issue period, except of the case that Group capitalizes borrowing costs according to IAS 23.
- *Revenue from contracts with customers:* IFRS 15 establishes a 5-step model implemented for income arising from a contract with a customer (with limited exceptions), regardless the type of income transaction or segment. The standard applies also for the recognition and measurement of profit and loss from the sale of non-financial assets which are not included in the ordinary operation of the Group (e.g. sales of tangible or intangible assets). It requires that entities must allocate the transaction price from contracts to distinctive promises, namely execution liabilities, based on standalone selling prices, according to five-step model. Afterwards, the income is recognized when the entity satisfies execution liabilities, namely when it transfers goods or services which are determined in the contract at the customer.

Since 1/1/2018, the Group adopted the new standard by implementing the new modified retrospective approach without having a readjustment in comparative information. Therefore, any accumulated impact of the initial impact of the new standard, is recognized as adjustment in opening balance of retained earnings (or other equity data, as appropriate) on 1/1/2018. More specifically, the accumulated adjustment of retained earnings from the adoption of the standard amounts to € 2.098 th. while, the impact in revenue for the year 2019 amounts to € 32 th. For the Group the total liability arising from the customers' loyalty program amounts to € 2.819 th. on 31/12/2019 (€ 2.829 th. on 31/12/2018).

The new standard is based on the principle that the income is recognized when control of a product

or service is transferred to the customer. The Group operates in retail trading of furniture and household goods and sporting goods. According to IFRS 15, Revenue from contracts with customers, the Group recognizes revenue when control of the products is transferred, being when the products are delivered to the customer. Therefore, the adoption of IFRS 15 did not have an impact at the time of the revenue recognition. Net sales revenue is measured at fair value of the amount received. Net sales revenue excludes amounts collected by third parties such as value added taxes (VAT), as these are not included in the transaction price.

However, future discounts related to customer loyalty programs of the Group's companies create a right which must be recognized when exercised or expired, only if it is considered substantial and

the customer would not acquire it if the initial transaction was not implemented. The Group provides discounts to its customers based on the points gathered from transactions made by using the customer loyalty program card. All these discounts are settled within 18 to 24 months depending on the program. According to the requirements of the standard, the Group estimates that these discounts represent substantial right for customers, create obligation for execution and therefore part of the income of each transaction which corresponds to this right will be recognized when exercised (fulfilment of obligation) or expired. IFRS 15 neither excludes nor defines a specific methodology for the estimation of the price of the point gathered as long as the estimation composes a reliable reflection of the price at which the Group would provide separately this product to the customer.

3.25 Leases

Leases in which all the risks and benefits of the property remain with the lessor are recorded as finance leases. All the other leasing contracts are recorded as operating leases.

- *Group as a Lessor:* Income from operating leasing is recognized as income on a straight - line basis over the lease term.
- *Group as a Lessee:* Note 2.3

The Group as a Lessor only has operating leasing.

3.26 Offsetting of financial assets and liabilities

Financial assets and liabilities are not offset in the financial statements unless there is a legal right of set - off and intention for settlement of the net amount or settlement of the asset and liability simultaneously.

3.27 Derecognition of financial assets and liabilities

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired,
- the Group or the Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay under a "pass - through" arrangement and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group or the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's or Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group or Company could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

3.28 Earnings/Losses per share

The basic and diluted earnings per share are calculated by dividing net profits after taxes with the weighted average number of shares of each period/ year.

The weighted average number of shares arises by summing the outstanding shares into which the share capital is divided and the rights that can be contingently exercised and are owned by the company and subtracting the shares buy back.

4. Financial Risk Management

a) Financial Risk Management

The Group is exposed to financial risks such as foreign exchange risk, credit risk, interest rate risk and liquidity risk. The management of risk is achieved by the central Treasury department, which operates using specific guidelines set by the Board of Directors. The Treasury department identifies, determines and hedges the financial risks in cooperation with the Groups' subsidiaries that face these risks. The Board of Directors provides written instructions and directions for the general management of the risk, as well as specific instructions for the management of specific risks such as foreign exchange risk, interest rate risk and credit risk.

Foreign Exchange Risk:

The Group is exposed to foreign exchange risk arising from transactions in foreign currencies (RON, USD, TRY, SEK) with suppliers which invoice the Group in currencies other than the local. The Group, in order to minimize the foreign exchange risk, according to the needs, in certain cases pre - purchases foreign currencies.

Credit risk:

The Group has diminuated the credit risk due to the focus in retail segments where the payment of goods is mainly achieved by cash in hand or by pre-paid credit cards.

Interest rate risk/liquidity:

The Group is subject to cash flow risk which in the case of possible variable interest rates fluctuation, may affect positively or negatively the cash inflows or outflows related to the Group's assets or liabilities.

Cash flow risk is minimized via the availability of adequate credit lines and cash. Also, the Group has entered into Interest Rate Swap (IRS) contracts in order to face interest rate risk.

b) Legal Issues

There are no litigations or legal issues that might have a material impact on the Annual Financial Statements of the Group or Company for the period 1/1 - 31/12/2019.

5. Segment Information

The Group is active on the following two operating segments:

- Retail Trading of Home Furniture and Households Goods (IKEA stores).
- Retail Trading of Sporting Goods (INTERSPORT and TAF stores).

The main financial interest is concentrated on the business classification of the Group's activities, where the various economic environments constitute different risks and rewards. The Group's activities comprise mainly one geographical area, that of the wider European region, primarily in Greece along with countries of Southeastern Europe (Romania, Bulgaria, Cyprus and Turkey).

The Group's sales revenue in 2019 arise 61% from activities in Greece (62% in 2018) with the remaining 39% arising from the other countries of Southeastern Europe (38% in 2018) which is analyzed as follows: 14% from Bulgaria (2018: 14%), 12% from Cyprus (2018: 12%), 9% from Romania (2018: 9%) and 4% from Turkey (2018: 3%). Revenue of the Company concern intrasegment transactions and are eliminated at the Consolidated Financial Statements.

Historically, the consumers' demand for the Group products increases during the last four months of the year.

Group results by operating segment for the year 2019 are analysed below:

	Retail Home Furnishings	Retail Sporting Goods	Fourlis Holdings SA	Elim - Cons Entries	Fourlis Group
Revenue	302.273	164.080	4.424	(4.455)	466.322
Cost of Goods Sold	(176.610)	(87.280)	(4.485)	4.485	(263.889)
Gross Profit	**125.663**	**76.800**	**(61)**	**30**	**202.433**
Other income	7.323	909	1.344	(1.559)	8.017
Distribution expenses	(94.242)	(58.741)	0	1.514	(151.469)
Administrative expenses	(11.727)	(7.368)	(2.817)	(89)	(22.002)
Other operating expenses	(668)	(413)	(66)	0	(1.148)
Operating Profit / (Loss)	**26.349**	**11.186**	**(1.600)**	**(104)**	**35.831**
Total finance income	155	296	0	0	451
Total finance cost	(10.178)	(7.812)	(68)	32	(18.026)
Contribution associate companies profit and loss	1.284	0	0	0	1.284
Dividends	0	0	6.200	(6.200)	0
Profit / (Loss) before Tax	**17.610**	**3.670**	**4.532**	**(6.272)**	**19.539**
Depreciation / Amortisation	13.344	17.047	382	(22)	30.752

Group results by operating segment for the year 2018 are analysed below:

	Retail Home Furnishings	Retail Sporting Goods	Fourlis Holdings SA	Elim - Cons Entries	Fourlis Group
Revenue	296.698	151.787	4.288	(4.287)	448.486
Cost of Goods Sold	(175.429)	(80.299)	(4.100)	4.100	(255.728)
Gross Profit	**121.269**	**71.488**	**188**	**(187)**	**192.758**
Other income	6.914	825	1.300	(1.494)	7.545
Distribution expenses	(92.823)	(56.448)	0	1.436	(147.834)
Administrative expenses	(11.839)	(6.970)	(2.931)	447	(21.292)
Other operating expenses	(547)	(426)	(31)	40	(964)
Operating Profit / (Loss)	**22.974**	**8.470**	**(1.474)**	**243**	**30.212**
Total finance income	105	891	10	0	1.006
Total finance cost	(7.378)	(5.451)	(2)	0	(12.831)
Contribution associate companies profit and loss	83	0	0	0	83
Dividends	0	0	5.000	(5.000)	0
Profit / (Loss) before Tax	**15.784**	**3.910**	**3.534**	**(4.757)**	**18.470**
Depreciation / Amortisation	9.160	5.064	75	(243)	14.057

EBIT, profit before tax and depreciation / amortization for the year 2019 (without the impact of the adoption of IFRS 16 since 1/1/2019) for the Group, the retail trading of home furniture anf household goods segment (IKEA Stores), the retail trading of sporting goods segment (INTERSPORT and TAF Stores) and the parent Company are as follows:

Group	
	2019
Operating Profit	33.026
Profit before Tax	22.467
Depreciation / Amortization	13.249
Retail Trading Of Home Furniture and Household Goods Segment (IKEA Stores)	
	2019
Operating Profit	25.084
Profit before Tax	18.980
Depreciation / Amortization	7.740
Retail Trading Of Sporting Goods Segment (Intersport and TAF Stores	
	2019
Operating Profit	9.666
Profit before Tax	5.214
Depreciation / Amortization	5.328
Company	
	2019
Operating Loss	(1.637)
Profit before Tax	4.561
Depreciation / Amortization	94

The breakdown structure of assets and liabilities as of 31/12/2019 and 31/12/2018 are as below:

	Retail Home Furnishings	**Retail Sporting Goods**	**Fourlis Holdings SA**	**Elim - Cons Entries**	**Fourlis Group**
	31/12/2019	**31/12/2019**	**31/12/2019**	**31/12/2019**	**31/12/2019**
Property plant and equipment	34.606	22.571	204	0	57.380
Right of use assets	60.573	52.605	1.416	(692)	113.902
Other Non-current Assets	41.905	4.927	81.151	(80.700)	47.282
Total non-current assets	**137.083**	**80.103**	**82.771**	**218.564**	**218.564**
Assets classified as held for sale	176.949	0	0	(857)	176.092
Total Assets	**384.672**	**156.831**	**91.585**	**(90.310)**	**542.779**
Non - current loans	76.271	28.346	0	0	104.617
Lease liabilities	57.357	43.845	1.178	(609)	101.771
Other Non-current Liabilities	4.523	1.041	677	0	6.241
Total non current Liabilities	**138.151**	**73.233**	**1.854**	**212.629**	**212.629**
Liability arising from assets held for sale	21.883	0	0	0	21.883
Total liabilities	**223.909**	**143.969**	**3.483**	**(8.767)**	**362.594**

	Retail Home Furnishings	**Retail Sporting Goods**	**Fourlis Holdings SA**	**Elim - Cons Entries**	**Fourlis Group**
	31/12/2018	**31/12/2018**	**31/12/2018**	**31/12/2018**	**31/12/2018**
Property plant and equipment	183.134	22.713	191	3.586	209.624
Other Non-current Assets	68.312	4.919	81.252	(84.684)	69.799
Total non-current assets	**251.446**	**27.632**	**81.444**	**(81.098)**	**279.423**
Total Assets	**323.929**	**97.399**	**90.875**	**(88.059)**	**424.145**
Non - current loans	83.099	30.266	0	0	113.365
Lease liabilities	0	409	0	0	409
Other Non-current Liabilities	8.182	916	539	0	9.637
Total non current Liabilities	**91.280**	**31.591**	**539**	**0**	**123.410**
Total liabilities	**169.672**	**85.846**	**1.844**	**(6.961)**	**250.400**

It is noted that the consolidation entries column includes transactions between the parent company and operating segments of the Group.

6. Analysis of expenses and other operating income

(a) The expenses are presented in the financial statements as follows:

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Distribution expenses	122.662	135.843	0	0
Administrative expenses	20.539	19.707	2.435	2.856
Depreciation/Amortisation (Distribution)	28.807	11.991	0	0
Depreciation/Amortisation (Administration)	1.463	1.585	382	75
Expenses embedded on cost of sales	3.494	3.090	4.485	4.100
Depreciation/Amortisation on cost of sales	481	480	0	0
Other operating expenses	1.148	964	66	31
Total	**178.594**	**173.661**	**7.368**	**7.062**

The differenciation in line depreciation/amortization (Distribution) is due to the adoption IFRS 16 Leases since 1/1/2019.

The main categories of expenses are analyzed below:

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Payroll Expenses	73.641	71.178	4.949	4.793
Third party services	42.334	57.783	632	989
Taxes-duties	2.462	2.369	15	2
Depreciation/Amortisation	30.752	14.057	382	75
Other operating expenses	29.405	28.274	1.391	1.203
Total	**178.594**	**173.661**	**7.368**	**7.062**

For the year ended on 31/12/2019, miscellaneous expenses include auditors remuneration of amount € 69 th. regarding services other than financial statements audit (namely excluding ordinary audit services and tax certificate issue).

Payroll expenses are analyzed as follows:

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Salaries and wages	57.181	55.610	3.575	3.474
Social security contributions	11.523	11.245	752	793
Miscellaneous grants	4.936	4.323	622	527
Total	**73.641**	**71.178**	**4.949**	**4.793**

(b) Other operating income is analysed as follows:

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Revenue from non-used provisions	900	966	120	86
Fixed Assets Gain	5	14	0	0
Other Income	6.962	6.415	1.224	1.214
Total	**8.017**	**7.545**	**1.344**	**1.300**

In other income of the year 2019, € 2.560 thousand (2018: € 3.545 thousand) are included mainly

due to income from orders delivery charges and rents receivable of Group's subsidiaries, customers services € 1.973 th. (2018: € 474 th.) and photovoltaic income € 345 th. (2018: € 334 th.).

Moreover, other income of the Company of the year 2019, include € 923 thousand (2018: € 913 thousand) due to income from invoicing software to subsidiaries, € 218 thousand (2018: € 225 thousand) due to income from subleasing property and occupancy expenses to subsidiaries and € 83 thousand (2018: € 75 thousand) due to income from invoicing travels under the context of management support services.

(c) Net Financial Results are analyzed as follows:

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Interest - expenses	(6.829)	(6.785)	0	0
Credit Card fees	(4.913)	(4.868)	(2)	(2)
Foreign exchange differences (expense) - realized-	(981)	(1.178)	(1)	(0)
Interest of lease liabilities	(5.303)	0	(65)	0
Other financial expenses	(1)	0	0	0
Total finance cost	**(18.026)**	**(12.831)**	**(68)**	**(2)**
Interest and related income	75	121	0	10
Foreign exchange differences (income) - realized-	372	885	0	0
Other financial income	4	0	0	0
Total finance income	**451**	**1.006**	**0**	**10**
Financial expenses / income	**(17.575)**	**(11.825)**	**(68)**	**8**

(d) Consolidated financial statements include, through equity method, the associated companies VYNER LTD and SW SOFIA MALL ENTERPISES LTD.

7. Property, plant and equipment

Property, plant and equipment for the year 2019 are analyzed as follows:

Group							
	Land	**Buildings and installations**	**Machinery /Installations**	**Vehicles**	**Furniture**	**Assets under construction**	**Total**
Net book value at 31.12.2018	**54.017**	**134.118**	**4.867**	**968**	**12.796**	**2.857**	**209.624**
1.1 - 31.12.2019							
Additions	325	6.256	629	188	4.062	1.633	13.093
Other changes in acquisition cost	(1)	(872)	(216)	(24)	(2.392)	(142)	(3.646)
Transfer of acquisition cost to assets held for sale	(54.306)	(124.547)	0	0	0	(1.024)	(179.877)
Depreciation/ amortization	0	(8.472)	(993)	(207)	(3.541)	0	(13.214)
Other changes in depreciation	0	796	197	24	2.243	0	3.259
Transfer of accumulated depreciation to assets held for sale	0	28.142	0	0	0	0	28.142
Acquisition cost at 31.12.2019	**36**	**98.757**	**11.639**	**5.392**	**55.802**	**3.324**	**174.949**
Accumulated depreciation at 31.12.2019	**0**	**(63.338)**	**(7.155)**	**(4.443)**	**(42.633)**	**0**	**(117.569)**
Net book value at 31.12.2019	**36**	**35.420**	**4.484**	**949**	**13.168**	**3.324**	**57.380**

Group							
	Land	**Buildings and installations**	**Machinery /Installations**	**Vehicles**	**Furniture**	**Assets under construction**	**Total**
Net book value at 31.12.2017	**55.164**	**139.259**	**5.278**	**967**	**11.579**	**2.977**	**215.224**
1.1 - 31.12.2018							
Additions	22	4.862	590	221	4.698	(52)	10.340
Other changes in acquisition cost	(1.169)	(2.758)	(160)	(115)	(1.747)	(67)	(6.016)
Depreciation/ amortization	0	(8.204)	(998)	(220)	(3.283)	0	(12.705)
Other changes in depreciation	0	959	156	114	1.550	0	2.780
Acquisition cost at 31.12.2018	**54.017**	**217.921**	**11.225**	**5.228**	**54.131**	**2.857**	**345.379**
Accumulated depreciation at 31.12.2018	**0**	**(83.803)**	**(6.358)**	**(4.260)**	**(41.335)**	**0**	**(135.756)**
Net book value at 31.12.2018	**54.017**	**134.118**	**4.867**	**968**	**12.796**	**2.857**	**209.624**

Additions in the Property, Plant and Equipment for the period refer to formation expenses and purchase of equipment for retail stores (new and existing) regarding segments of home furniture and household goods and sporting goods.

In home furniture and household goods segment, on 27/6/2019 a new Pick Up & Order Point with IKEA products started its operation in Kalamata. Also, on 16/7/2019 a new Pick Up & Order Point with IKEA products started its operation in Limassol Cyprus.

In sporting goods segment, within the period 1/1 – 31/12/2019: one new INTERSPORT Store started operating in Romania (Sibiu), one new store in Cyprus (Limassol), one in Bulgaria (Sofia), while one new TAF Store started operating in Volos and one new TAF Store in Turkey (Marmara park).

Most considerable additions in property, plant and equipment in the year 2019 refer to:

a) property, plant and buildings installations of amount € 3,5 million for IKEA Stores and € 2,5 million for INTERSPORT & TAF Stores.

b) machinery – installations, furniture and miscellaneous equipment of amount € 2,2 million for IKEA Stores and € 2,4 million for INTERSPORT & TAF Stores.

Other changes in depreciated property, plant and equipment of the period include foreign exchange differences arising from the difference of conversion exchange rates of amount € 277 th. regarding assets of foreign companies. Moreover, other changes include write-offs and sales of assets.

Depreciation/Amortization of Property, Plant and Equipment for the year 2019 amounted to € 13.214 thousand (2018: € 12.707 th.). Total depreciation/amortization of property, plant and equipment and intangible assets of amount € 14.675 th. (2018: € 14.051 th.) was registered by € 481 th. (2018: € 480 th.) in cost of sales, by € 28.807 th. (2018: € 11.993 th.) in distribution expenses and by € 2.889 th. (2018: € 1.577 th.) in administrative expenses. On 31/12/2019 the Group tested the value of property, plant and equipment per store (CGU) and wherever there was existence of indication for impairement of value, an impairement test was implemented. On 31/12/2019, no impairement of the Group’s property, plant and equipment value arised. Net book value of property, plant and equipment regarding IKEA, INTERSPORT & TAF Stores for the Group amounts to € 57.867 th. (2018: € 186.385 th.).

For the Company, changes within the year 2019 in property, plant and equipment table are related to additions to the leased building and purchase of furniture.

Company				
	Buildings and installations	**Furniture**	**Assets under construction**	**Total**
Net book value at 31.12.2018	**117**	**74**	**0**	**191**
1.1 - 31.12.2019				
Additions	1	55	5	61
Other changes in acquisition cost	0	(2)	0	(2)
Depreciation/ amortization	(18)	(29)	0	(48)
Other changes in depreciation	0	2	0	2
Acquisition cost at 31.12.2019	303	311	5	619
Accumulated depreciation at 31.12.2019	**(203)**	**(212)**	**0**	**(415)**
Net book value at 31.12.2019	**100**	**99**	**5**	**204**

	Company		
	Buildings and installations	Furniture	Total
Net book value at 31.12.2017	**130**	**79**	**208**
1.1 - 31.12.2018			
Additions	5	25	30
Other changes in acquisition cost	0	(4)	(4)
Depreciation/ amortization	(18)	(27)	(44)
Other changes in depreciation	0	1	1
Acquisition cost at 31.12.2018	302	258	560
Accumulated depreciation at 31.12.2018	**(185)**	**(184)**	**(369)**
Net book value at 31.12.2018	**117**	**74**	**191**

8. Right of use assets

Right of use assets which the Group and Company recognized during the first implementation of IFRS 16 on 1/1/2019, are analysed as follows:

	Initial Recognition	
	Group	Company
	1/1/2019	1/1/2019
Leasing Buildings	122.279	1.507
Leasing Vehicles	1.100	111
Total	**123.379**	**1.618**

Additions/changes in Right of use assets of the Group and Company for the period 1/1 – 31/12/2019, are analysed as follows:

	Group			
	Leasing Buildings	Leasing Machinery /Installations	Leasing Vehicles	Total
Initial Recognition 1.1.2019	**122.279**	**(0)**	**1.100**	**123.379**
Other changes				
Additions	8.953	29	416	9.398
Other changes in acquisition cost	(1.525)	0	(10)	(1.535)
Depreciation/ amortization	(16.913)	(5)	(421)	(17.339)
Acquisition cost at 31.12.2019	**129.707**	**29**	**1.506**	**131.241**
Accumulated depreciation at 31.12.2019	**(16.913)**	**(5)**	**(421)**	**(17.339)**
Net book value at 31.12.2019	**112.794**	**24**	**1.084**	**113.902**

	Company		
	Leasing Buildings	Leasing Vehicles	Total
Initial Recognition 1.1.2019	**1.507**	**111**	**1.618**
Other changes			
Additions	0	90	90
Other changes in acquisition cost	0	(4)	(4)
Depreciation/ amortization	(235)	(53)	(288)
Acquisition cost at 31.12.2019	**1.507**	**197**	**1.704**
Accumulated depreciation at 31.12.2019	**(235)**	**(53)**	**(288)**
Net book value at 31.12.2019	**1.272**	**143**	**1.416**

Impact from the implementation of IFRS 16 in deferred tax assets of the Group's Statement of Financial Position on 31/12/2019 amounted to € 666 th. (1/1/2019 € 0) and in income tax receivable amounted to € 14 th. (1/1/2019 € 0).

Impact from the implementation of IFRS 16 in deferred tax assets of the Company's Statement of Financial Position on 31/12/2019 amounted to € 7 th. (1/1/2019 € 0).

9. Assets held for sale

The Group continues to exploit new investing opportunities regarding the approval it received from Hellenic Capital Market Commission on 28/2/2019 for operating the company under formation "TRADE ESTATES REAL ESTATES INVESTMENT COMPANY", for its operation as a) a Real Estate Investment Company according to the provisions of L. 2778/1999 and b) an internally managed Alternative Investments Fund Manager ("AIFM") according to the provisions of L. 4209/2013. Under the same context, the actions of the Group for the establishment of companies operating in real estate management in Cyprus and Bulgaria (TRADE ESTATES CYPRUS LTD, H.M. ESTATES CYPRUS LTD, TRADE ESTATES BULGARIA EAD) and for the strategic plan of TRADE ESTATES S.A. which includes the finding of a business partner who will make a significant investment in the established company, which along with the imminent public offering, will arise at the percentage of at least 50%. Therefore, on 31/12/2019 the Group classified its assets related to TRADE ESTATES SA of amount € 176,1 mil. as held for sale because on this date all criteria are met regarding their classification based on IFRS 5 as metioned in Note 3.16. Before classification time, as defined by provisions of IAS 36, an impairment test was made at these specific assets before their classification as assets held for sale and no impairment loss arised. Assets which have been classified for sale compose a cash generating unit (CGU) given that they set an entire total of operations and assets which will be contributed in TRADE ESTATES SA in order implement the approval received by HCMC. These specific assets were measured at the lowest value between book value and fair value minus sale expenses. The fair value estimation was conducted by certified appraisors and amounted to € 182,8 mil.

Assets and liabilities which are included in category held for sale on 31/12/2019 are as follows:

	Group	Company
	31/12/2019	31/12/2019
Property plant and equipment	151.735	0
Investment Property	25.910	0
Deferred Taxes	(2.766)	0
Total non-current assets	**174.880**	**0**
Other receivables	1.212	0
Total current assets	**1.212**	**0**
Non - current loans	(15.100)	0
Other non-current liabilities	(4.383)	0
Total non current Liabilities	**(19.483)**	**0**
Current portion of non-current loans and borrowings	(2.400)	0
Total current Liabilities	**(2.400)**	**0**
Net Assets	**154.209**	**0**

Upon the implementation of IFRS 5 at assets held for sale include all properties which before the classification date were investment property as well as part of owner-occupied assets (Note 7).

Investment property for the year 2019 is analyzed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Opening Balance	23.993	21.060	0	0
Additions	491	341	0	0
Impairment/ Goodwill	1.426	(8)	0	0
Other changes	0	2.600	0	0
Classification of assets held for sale	(25.910)	0	0	0
Closing Balance	**(0)**	**23.993**	**0**	**0**

The amount of € 26,0 million (2018: € 0 million) includes:

- Property for exploitation, of amount € 8,3 million (2018: € 8,2 million). The assessment of fair value was effectuated for the year 2019 by certified appraisers. For the calculation of the fair value, the Investment Method was used by implementing Discounted Cash Flow Method (DCF) with a 10-year analysis. The valuation of fair value method was ranked at level 3 of the hierarchy. The significant assumptions used for the property were: CPR 1,50% and annual leases increase 1,00%, 6-month assumption of non-leasing period, sale expenses 1% on gross value of the expense, exit yield 9,00%, TRR 10,00%.
- Part of subsidiary's property, operating in real estate segment, of amount € 14,2 million (2018: € 12,4 million). The assessment of fair value was effectuated for the year 2019 by certified appraisers. For the calculation of the fair value the Investment Method was used by implementing Discounted Cash Flow Method (DCF) with a 10-year analysis. The valuation of fair value method was ranked at level 3 of the hierarchy. The significant assumptions used for the retail stores that the subsidiary, operating in real estate, leases were: CPR 1,50%, the contractual annual leases adjustment, 4-month non-leasing period for non-leased spaces at the appraisal date, sale expenses 1% on gross value of the expense, exit yield 7,25%, TRR 8,25%.

- Property of value € 3,4 million of a subsidiary which is leased for trading use (2018: € 3,4 million). The fair value assessment was conducted by the Management in compliance with the agreed terms of leasing.

Other changes regard leasing to a third company outside the Group, of property part used for trading use (Note 7).

Total investment property of the Group was transferred on 31/12/2019 to non-current assets held for sale.

10. Intangible assets

Intangible assets are analyzed as follows:

	Group			
	Royalties	Software	Miscellaneous	Total
Net book value at 31.12.2018	4.074	3.792	1.157	9.023
1.1 - 31.12.2019				
Additions	0	2.035	0	2.035
Other changes in acquisition cost	0	(70)	(147)	(217)
Depreciation/ amortization	(278)	(1.072)	(111)	(1.461)
Other changes in depreciation	0	29	58	87
Acquisition cost at 31.12.2019	**8.872**	**15.013**	**1.920**	**25.805**
Accumulated depreciation at 31.12.2019	**(5.075)**	**(10.299)**	**(962)**	**(16.337)**
Net book value at 31.12.2019	**3.796**	**4.714**	**957**	**9.468**

	Group			
	Royalties	Software	Miscellaneous	Total
Net book value at 31.12.2017	4.352	3.254	1.568	9.174
1.1 - 31.12.2018				
Additions	0	1.548	47	1.595
Other changes in acquisition cost	0	(81)	(522)	(603)
Depreciation/ amortization	(278)	(958)	(109)	(1.344)
Other changes in depreciation	0	30	172	202
Acquisition cost at 31.12.2018	**8.872**	**13.048**	**2.067**	**23.986**
Accumulated depreciation at 31.12.2018	**(4.798)**	**(9.256)**	**(909)**	**(14.963)**
Net book value at 31.12.2018	**4.074**	**3.792**	**1.157**	**9.023**

Royalties include the use of brand names (IKEA). Other changes in acquisition cost as well as other depreciation changes regard foreign exchange differences. Additions in intangible assets are related to software licenses.

Depreciation of intangible assets of the Group for the year 2019, amounted to € 1.461 thousand.

Intangible assets for the Company for the year 2019 are as follows:

	Company		
	Software	**Miscellaneous**	**Total**
Net book value at 31.12.2018	122	120	241
1.1 - 31.12.2019			
Additions	30	0	30
Depreciation/ amortization	(27)	(19)	(46)
Acquisition cost at 31.12.2019	**584**	**129**	**713**
Accumulated depreciation at 31.12.2019	**(459)**	**(29)**	**(488)**
Net book value at 31.12.2019	**125**	**100**	**225**

	Company		
	Software	**Miscellaneous**	**Total**
Net book value at 31.12.2017	95	84	180
1.1 - 31.12.2018			
Additions	48	45	92
Depreciation/ amortization	(21)	(10)	(31)
Acquisition cost at 31.12.2018	**553**	**129**	**682**
Accumulated depreciation at 31.12.2018	**(431)**	**(10)**	**(441)**
Net book value at 31.12.2018	**122**	**120**	**241**

11. Investments in subsidiaries and associates

Investments of the Company are analyzed as follows:

	COUNTRY	**COMPANY**			
		% SHAREHOLDING 2019	**31/12/2019**	**% SHAREHOLDING 2018**	**31/12/2018**
SUBSIDIARIES					
GENCO TRADE SRL	Romania	1,57%	367	1,57%	367
HOUSEMARKET SA	Greece	100%	61.956	100%	61.956
INTERSPORT ATHLETICS SA	Greece	100%	15.664	100%	15.664
STOCK OPTION			2.714		2.341

	COUNTRY	**COMPANY**			
		% SHAREHOLDING 2019	**31/12/2019**	**% SHAREHOLDING 2018**	**31/12/2018**
SUBSIDIARIES					
TOTAL			**80.700**		**80.328**

Operation of each aforementioned company is analysed in the Report of the Board of Directors.

On 31/12/2019 there were no indications for the conduction of impairment test for subsidiaries.

Associated companies VYNER LTD and SW SOFIA MALL ENTERPISES LTD are included in the consolidated financial statements of the Group through the application of equity method, the amount of which in "investment in subsidiaries and associates" of the Group on 31/12/2019 was € 29.803 th. (2018: € 28.246 th.). After applying the equity method, a profit of € 1.284 thousand (2018: € 83 thousand) was recognised in the consolidated income statement under "Contribution to associate companies profit and loss" with a corresponding increase in the carrying value of investments in associates. Further differentiation of the investment value is due to the increase of the share capital of the associate SW SOFIA MALL ENTERPISES LTD of amount € 250 thousand and VYNER LTD of amount € 20 thousand.

The consolidated financial information of VYNER LTD is as follows:

Company	**Country of establishment**	**Total Assets**	**Total Liabilities**	**Income**	**Profit/ (Loss)**	**% Shareholding**
2019	Cyprus	146.372	83.150	11.230	1.243	50,00%
2018	Cyprus	147.375	88.779	10.420	913	50,00%

The consolidated financial information of SW SOFIA MALL ENTERPISES LTD is as follows:

Company	**Country of establishment**	**Total Assets**	**Total Liabilities**	**Income**	**Profit/ (Loss)**	**% Shareholding**
2019	Cyprus	2.226	200	183	(169)	50,00%
2018	Cyprus	1.538	198	166	(747)	50,00%

In relation to the associated company SW SOFIA MALL ENTERPISES LTD, we note that regarding IAS 28, if the investor's share in an associate's losses equals or exceeds the book value o the investment, the investor no longer recognizes his share in further losses. The proportion in equity of the company, at the end of the current period amounts to € 1.033 th. (2018: € 670 th.)

12. Long Term Receivables

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Guarantees given to Property Lease Holders	4.078	4.285	47	47
Guarantees given to third party	96	124	0	0
Other Guarantees given	22	17	0	0
Other Long term claims	950	272	0	0
Total	**5.145**	**4.699**	**47**	**47**

Guarantees for property lease are directly related to the operation of the Group's companies as they regard trading property. Also, guarantees have been given for public services and organizations.

13. Inventory

Inventory is analyzed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Inventory	88.626	83.742	0	0
Advances for purchases of merchandise	38	122	0	0
Total	**88.663**	**83.864**	**0**	**0**

The inventory cost of the Group which was recorded as an expense under cost of goods sold amounts to € 259.914 thousand (2018: € 252.158 thousand). The inventory value that was written off within the financial year was € 1.141 thousand (2018: € 1.242 thousand). Impairment provisions for properties and idle and slow moving inventory were made within the current year of amount € 388 thousand (2018: € 340 thousand). The total provision for inventory on 31/12/2019 for the Group amounts to € 752 th. (31/12/2018: € 1.113 th.).

14. Trade receivables

Trade receivables are analyzed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Trade receivables	10.558	9.843	1.848	1.980
Cheques receivables	24	18	0	0
Bad Debt Provisions	(7.542)	(7.320)	0	0
Total	**3.040**	**2.541**	**1.848**	**1.980**

The above balance is formed by numerous customers and there is not a single customer with a significant balance in the Group.

As at December 31, 2019 and 2018 the ageing of trade receivables is analyzed as follows:

	Total	Not due trade receivables	Overdue trade receivables
31/12/2019	**3.040**	1.562	1.478
31/12/2018	**2.541**	778	1.762

Not due trade receivables include amounts resulting from goods sale and other receivables of amount € 1.195 th. (2018: € 207 th.), leasing and occupancy invoicing € 92 th. (2018: € 306 th.), from e-shop sales € 85 th. (2018: € 53 th.), electricity invoicing to LAGIE € 79 th. (2018: € 93 th.), from administrative services support to associated company € 111 th. (2018: € 119 th.).

For the Company, total receivables amount to € 1.848 th. (2018: 1.980 th.) is not due and is related to administrative support services.

15. Other receivables

Other receivables are analyzed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Debited VAT	262	1.717	0	0
Credit Cards receivable	3.940	3.725	0	0
Other debtors	10.831	11.688	6.233	5.017
Total	**15.034**	**17.130**	**6.233**	**5.017**

On 31/12/2019, other debtors include accrued expenses and income of amount € 4.917 th. (2018: € 3.497 th.) and suppliers advances of amount € 1.119 th. (2018: € 581 th.). Furthermore, other debtors include the amount of € 273 th. for credit cards discounting program of a subsidiary through factoring (2018: € 3.542 th.), € 1.209 th. for municipal taxes receivables (2018: € 1.209 th.), € 432 th. for pledged accounts (2018: € 553 th.) and € 1.216 th. for purchases in transit (2018: € 306 th.) For the Company for the year 2019, other debtors include receivables from subsidiary regarding dividend of amount € 6.200 th (2018: 5.000 th).

16. Cash

Cash represents the Group's and the Company's cash in hand as well as bank deposits available on demand and is analyzed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Cash in hand	1.865	1.765	2	2
Bank Deposits	39.114	38.089	727	1.523
Total	**40.978**	**39.854**	**729**	**1.525**

The temporary unallocated funds of the Group's companies are invested in short-term deposits in euros. The average weighted deposit interest rate for the year 2019 is 0,57% (2018: 0,70%).

17. Share Capital

On 31/12/2019 the share capital amounted to € 42.124.018,41 divided into 52.004.961 shares of nominal value € 0,81 per share (Note 1).

On 31/12/2018 the share capital amounted to € 47.144.655,52 divided into 51.807.314 shares of nominal value € 0,91 per share.

Evolution and coverage of share capital of the Company sfor the year 2019 are analyzed as follows:

Date of General Assembly	Government Gazette No.	Amount of increase		Amount of decrease	New shares total	Shares total	Share Capital after the increase/decrease	Nominal value per share
		Cash Payments	By capitalization of reserves-goodwill assets-Difference of share premium account	By decreae of nominal value of the share and capital return with cash payment to shareholders				
14/06/2019	1782688/07.03.19	-	-	5.180.731,40	-	51.807.314	41.963.924,34	0,81
18/12/2019	2062748/24.01.20	160.094,07	-	-	197.647	52.004.961	42.124.018,41	0,81
					Total	**52.004.961**	**42.124.018,41**	**0,81**

18. Reserves

The movement of the reserves is analyzed as follows:

	Group		Company	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Statutory Reserves	20.048	19.905	6.686	6.686
Revaluation Reserves	722	722	0	0
Foreign exchange diff. from Statement of Financial Position transl. reserves	(10.027)	(9.193)	0	0
Extraordinary /Taxfree Reserves	16.313	16.313	6.970	6.970
SOP Reserve	2.479	1.989	2.612	2.122
IRS Reserve	(287)	(217)	0	0
Total	**29.248**	**29.520**	**16.268**	**15.778**

Statutory Reserve: In accordance with the provisions of Greek company law, the creation of a statutory reserve, through the transfer of the 5% of the annual after tax profits, is mandatory up until the reserve reaches 1/3 of the share capital. The statutory reserve is only distributable upon dissolution of the Company, it may however be used to set - off accumulated losses.

Extraordinary / Tax-free Reserves: The Group has Extraordinary/Tax-free Reserves of amount € 16.313 thousand (2018: € 16.313 thousand), which was mainly derived from disposal of shares listed in Athesn Stock Exchange, dividends, interests and income from bad debt provision of L. 3296/04. In case of distribution or capitalisation, the reserves will be taxed with the official tax rate declared by

L.4172/2013 (Note 24).

Exchange Differences from subsidiaries accounts conversion: This reserve is comprised from the foreign exchange differences arising from the retranslation of the financial statements of Subsidiaries which have a different functional currency from the parent company.

Cash Flow Hedging reserve: The hedging reserve comprises of the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (IRS) (Note 22).

SOP Reserves: This reserve is created with the General Assembly approval of the SOP for employees of the Company and Group. After the exercise of the options or waive of beneficiaries, the remaining amount of the reserve can be transferred to Retained Earnings.

Revaluation Reserves: This reserve is created from revaluation on land and buildings. According to Greek Law, revaluation reserves can not be distributed to shareholders.

19. Dividends

The Shareholders Ordinary General Assembly held on 14/6/2019 did not propose a dividend distribution for the year 1/1 – 31/12/2018. The parent company registered in its income dividend from subsidiary of amount € 6,2 million during the year 2019. At the Shareholders Ordinary General Assembly of the year 2019 which is scheduled to take place on 12/6/2020, a dividend distribution of amount € 0,12 per share will be proposed.

20. Employee retirement benefits

20.1 Liabilities due to termination of service

The obligation of employee compensation due to termination of service (Law 2112/20, 4093/12 for Greek Companies, Bulgarian Labor Law for Bulgarian Companies and Labor Law 1475 for Turkish Company) appears in the Financial Statements in compliance with IAS 19 and is based on an actuarial study elaborated by AON Hewitt on December 31st,2019.

Basic assumptions of the actuarial study for Greece are the following:

Greek Companies	2019	2018
Average annual payroll increase	1,00%	1,00%
Discount interest rate	0,93% - 1,20%	1,75% - 2,05%
Inflation	1,00%	1,00%
Plan duration (years)	15-23	15-22

In case of an average annual payroll increase by 0,50% (namely 1,50%), the amount of liabilities due to termination of service of Greek companies would increase from 7,28% to 11,03%. In case of a discount rate increase by 0,50%, the amount of liabilities due to termination of service of Greek companies would decrease from 6,68% to 9,76%.

Bulgarian Companies	2019	2018
Average annual payroll increase	1,80%	3,50%
Discount interest rate	0,40%	1,03%
Inflation	0,30%	2,00%
Plan duration (years)	21-28	23-29

In case of an average annual payroll increase by 0,50% (namely 2,30%), the amount of liabilities due to termination of service of Bulgarian companies would increase from 11,14% to 14,51%. In case of a discount rate increase by 0,50% (namely 0,90%), the amount of liabilities due to termination of service of Bulgarian companies would decrease from 9,98% to 12,74%.

Turkish Company	2019	2018
Average annual payroll increase	13,00%	15,00%
Discount interest rate	16,00%	18,00%
Inflation	11,00%	13,00%
Plan duration (years)	23	24

In case of an inflation increase by 0,50% (namely 11,50%), the amount of liabilities due to termination of service would increase by 11,00% for INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş. In case of a discount rate increase by 0,50% (namely 16,50%), the amount of liabilities due to termination of service would decrease by 9,40% for INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş. In the analysis of sensitivity of Turkey, a reference is made to the inflation rate and not to compensation increase because benefits in Turkey are subject to a maximum salary (plafond) and an increase/decrease of inflation will affect the maximum salary.

The expense derived from the compensation to employees due to retirement, that was recorded in the Income Statement of the financial year 2019 is analysed as follows:

	Group		**Company**	
	1/1 - 31/12/2019	**1/1 - 31/12/2018**	**1/1 - 31/12/2019**	**1/1 - 31/12/2018**
Service Cost	374	360	10	27
Interest Cost	114	77	31	8
Cost reduction/settlement/termination service	135	273	0	(34)
Total amount allocated in Income statement	**622**	**710**	**40**	**1**
Balance of liability at the beginning	**4.736**	**4.357**	**515**	**494**
Compensation due to retirement	622	710	40	1
Paid amounts	(183)	(371)	0	0
Actuarial gains	725	53	98	20
Foreign exchange difference	(5)	(13)	0	0
Balance of liability in the end	**5.896**	**4.736**	**653**	**515**

Amounts in Actuarial gains/losses appear in Statement of Comprehensive Income and regard employee retirement defined benefits programs.

20.2 Share based payments

The Ordinary General Assembly of the Company of June 16, 2017, under the context of Stock Option Plan, approved the disposal of 2.566.520 stock options and the authorization to the Board of Directors regarding the settlement of procedures and details. The program will be implemented in four waves, with a maturity period of five years per wave. Options should be exercised within five years since their maturity date. In case that, after the grant some of the options remain undisposed, those options will be cancelled. The underlying price of each wave is the closing stock price on the day of General Assembly's resolution regarding the approval of the program.

On 20/11/2017 the board of Directors granted 641.630 Stock Options, which are the first of the four waves. The underlying share price, to which conferred options reflect, is determined at the amount of 5,768 € per share which is the closing stock price of the share (adjusted with the share capital decrease which took place after the date of the General Assembly).

The options of the wave mentioned above are granted within five years as follows:

Vesting Date	**No of Options**
31/12/2017	128.326
31/12/2018	128.326
31/12/2019	128.326
31/12/2020	128.326
31/12/2021	128.326

The fair value of options has been calculated based on the simulation of the Company's share price assuming that the price will develop to the "Binomial Pricing" model. Fair value per option and vesting date has been defined based on model 5 Bermudan option as follows:

Vesting Date	**Value per Option €**
31/12/2017	0,962
31/12/2018	1,064
31/12/2019	1,152
31/12/2020	1,225
31/12/2021	1,290

The variables upon which the data above were calculated are as follows:

Variable	**Value**
Exercise Price	€ 5,77
Grant Date	20/11/2017
Stock Volatility	28,1%
Dividend Yield	1,72%
Attrition Rate	0%
Risk Free Rate	0,3953%

On 19/11/2018 the board of Directors granted 641.630 Stock Options, which are the second of the four waves. The underlying share price, to which conferred options reflect, is determined at the amount of 5,667 € per share which is the closing stock price of the share (adjusted with the share capital decrease which took place after the date of the General Assembly).

The options of the wave mentioned above are granted within five years as follows:

Vesting Date	No of Options
31/12/2018	128.326
31/12/2019	128.326
31/12/2020	128.326
31/12/2021	128.326
31/12/2022	128.326

The fair value of options has been calculated based on the simulation of the Company's share price assuming that the price will develop to the "Binomial Pricing" model. Fair value per option and vesting date has been defined based on model 5 Bermudan option as follows:

Vesting Date	Value per Option €
31/12/2018	0,541
31/12/2019	0,623
31/12/2020	0,694
31/12/2021	0,756
31/12/2022	0,809

The variables upon which the data above were calculated are as follows:

Variable	Value
Exercise Price	€ 5,67
Grant Date	19/11/2018
Stock Volatility	26,6%
Dividend Yield	2,012%
Attrition Rate	0%
Risk Free Rate	0,575%

On 19/11/2019 the board of Directors granted 641.630 Stock Options, which are the second of the four waves. The underlying share price, to which conferred options reflect, is determined at the amount of 5,5637 € per share which is the closing stock price of the share (adjusted with the share capital decrease which took place after the date of the General Assembly).

The options of the wave mentioned above are granted within five years as follows:

Vesting Date	No of Options
31/12/2019	128.326
31/12/2020	128.326
31/12/2021	128.326
31/12/2022	128.326
31/12/2023	128.326

The fair value of options has been calculated based on the simulation of the Company's share price assuming that the price will develop to the "Binomial Pricing" model. Fair value per option and vesting date has been defined based on model 5 Bermudan option as follows:

Vesting Date	Value per Option €
31/12/2019	1,006
31/12/2020	1,098
31/12/2021	1,176
31/12/2022	1,240
31/12/2023	1,294

The variables upon which the data above were calculated are as follows:

Variable	Value
Exercise Price	€ 5,56
Grant Date	19/11/2019
Stock Volatility	27,7%
Dividend Yield	1,852%
Attrition Rate	0%
Risk Free Rate	0,575%

On 19/11/2019, the BoD of the Company issued an Invitation to the beneficiaries of the SOP which was approved by the Extraordinary General Assembly held on 27/9/2013 and the Ordinary General Assembly held on 16/6/2017, regarding the exercise of their options. 18 beneficiaries responded to this Invitation and exercised their option for the acquisition of 197.647 shares, of nominal value € 0,81 and underlying price € 3,2226 per share and paid the total amount of € 636.937,23.

It is noted that the underlying price of shares to which the distributed options reflect, had been initially determined at the amount of € 3,40 per share, which was the closing stock price of the share on the date of the resolution of the General Assembly regarding the SOP (27/9/2013). Already, following the resolutions of 20/11/2017, 19/11/2018 and 18/11/2019 of the BoD (relevant minutes of the BoD 389/20.11.2017, 399/19.11.2018 and 407/18.11.2019), an adjustment has been made at the historical price of the Company's share and therefor the implememted exercise price of the options of the SOP is accounted at the amount of € 0,2226 € (3,2226 €) per share.

During the period 1/1 – 31/12/2019, beneficiaries waived their right to exercise 2.378 options (2018: 0) which were granted by the BoD on 25/11/2013, beneficiaries waived their right to exercise 4.677 options (2018: 6.220) which were granted by the BoD on 24/11/2014 and also beneficiaries waived their right to exercise 6.840 options (2018: 6.720) which were granted by the BoD on 25/11/2015.

During the period 1/1 – 31/12/2019, the amount of € 489.614 (2018: € 372.467) was registered in the Consolidated Income Statement as an expense.

20.3 Benefit contributions under the private insurance program

During the year ended on December 31, 2019 the amount of defined benefit contributions under the private insurance program that was recorded as an expense by the parent Company totalled at € 335 thousand (2018: € 333 thousand) while the respective amount recorded as an expense by the Group amounted to € 923 thousand (2018: € 896 thousand).

21. Financial Instruments and Risk Management Policies

21.1 Credit Risk

Exposure to Credit Risk

The Group has significantly reduced its exposure to credit risk due to the disinvestment of the wholesale trading of electrical equipment segment and the focus in the retail segments where the payment of goods is mainly made by cash or credit cards discounts. The maximum exposure to credit risk at the date of the Statement of Financial Position, without taking into consideration any hedging or insurance strategies, was as follows:

	Book Value	
€000s	2019	2018
Trade receivables	3.040	2.541
Other Debtors	10.831	11.688
Credit Cards receivable	3.940	3.725
Cash & cash equivalent	40.978	39.854
Total	**58.790**	**57.808**

The maximum exposure to credit risk on trade receivables of the Group without taking into consideration any hedging or insurance strategies at the date of the Statement of Financial Position, per geographic segment was as follows:

	Book value			
	Greece		Southeastern Europe Countries	
	2019	2018	2019	2018
€000s				
Trade receivables	2.747	2.455	293	86
Other Debtors	8.181	9.464	2.650	2.224
Credit Cards receivable	2.202	2.029	1.739	1.697
Cash & cash equivalent	18.665	22.769	22.313	17.085
Total	**31.795**	**36.717**	**26.995**	**21.091**

The maximum exposure to credit risk at the date of the Statement of Financial Position, per customer type was:

	Book Value	
	2019	2018
€000s		
Wholesale trade customers	2.290	2.356
Retail trade customers	750	185

21.2 Liquidity Risk

Liquidity risk is retained at low levels by maintaining adequate bank credit lines and significant cash and cash equivalents which on 31/12/2019 amounted to € 41 million for the Group vs € 40 million on 31/12/2018. During year 2019, the Group managed to maintain the improved credit terms from its main suppliers.

The contractual loan dues including interest payments, excluding the net - off agreements, are as per paragraph Borrowings, while for Accounts Payable and Other Liabilities are less than 12 months.

	Immediate termination	3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
2019						
Credit lines	0	2.000	1.813	0	0	3.813
Short-term loans	10.521	0	2.657	0	0	13.178
Long-term loans	494	1.187	8.357	119.183	534	129.755
Total	**11.015**	**3.187**	**12.827**	**119.183**	**534**	**146.746**
2018						
Credit lines	0	0	1.826	0	0	1.826
Short-term loans	5.000	1.000	3.561	0	0	9.561
Long-term loans	494	781	7.842	113.365	0	122.481
Total	**5.494**	**1.781**	**13.229**	**113.365**	**0**	**133.868**

The table above includes the syndicated loan of the company TRADE ESTATES BULGARIA EAD of amount € 17.500 th. with issuing date 5/12/2019 and duration 5 years since the issuing date (€ 2.400 th. payable in forthcoming period) which was reclassified (Note 9).

21.3 Foreign Exchange Risk

Foreign exchange risk exposure

The Group is exposed to foreign exchange risk arising from its transactions in foreign currencies (RON, USD, TRY, SEK). The Group, in order to minimize the foreign exchange risk, in certain cases pre - purchases foreign currencies.

The Group has investments in companies overseas, the net assets of which are exposed to foreign exchange risk. This type of foreign exchange risk (translation risk) arises due to the operations in Romania (RON), Bulgaria (BGN) and Turkey (TRY). The Management has managed to reduce foreign exchange risk, given the strong capital structure of the companies and to decrease borrowings in currencies other than the local.

More particularly, approximately 90% of GENCO TRADE SRL loans, which is located in Romania, are in local currency (RON) in an effort to avoid the exchange difference charges resulting from RON devaluating vs. the Euro. In Bulgaria the local currency is pegged to the Euro (EUR/ BGN = 1.95583) a fact which can not guarantee that economic problems and consequences of the global crisis on Bulgaria, will not increase the risk that this conversion ratio will remain constant. In Turkey, the financing for commercial activity is in local currency, while for investments is in euro.

	(Trade creditors and other libilities) (Foreign currency in thousands euros)	
	31/12/2019	31/12/2018
USD	165	(70)
GBP	(6)	6
CHF	0	0
SEK	(711)	284
RON	3.036	3.187
TRY	25.733	16.299
BGN	0	0
Euro	32.647	4.804

Sensitivity Analysis

A Euro revaluation of 10% at December 31, vs the below currencies would increase (decrease) the Net Equity and the Operating Results as per the amounts indicated at the below summary. It is assumed that the other variables (Interest Rates) would remain constant.The analysis was performed in a similar manner for 2018.

Impact in €000s	Net Equity	Operating Result
Dec 31 , 2019		
USD	16,5	16,5
GBP	(1)	(1)
SEK	(71)	(71)
RON	304	304
TRY	2.573	2.573
TOTAL	**2.821**	**2.821**
Dec 31 , 2018		
USD	(7)	(7)
GBP	1	1
SEK	28	28
TRY	1.630	1.630
RON	319	319
TOTAL	**1.971**	**1.971**

A Euro devaluation of 10% at December 31, vs the aforementioned currencies would have an equal but opposite impact in comparison to the ones presented above, based on the assumption that all the other variables would remain constant.

The exchange rates of foreign currencies used for the conduction of the financial statements of the year 2019, are presented at the table below:

Financial Position	**31/12/2019**
TRY - Turkish Lira	6.6843
BGN - Bulgarian Lev	1.95583
RON - Romanian New Leu	4.783
Profit & Loss	**1/1/2019 - 31/12/2019**
TRY - Turkish Lira	6.3578
BGN - Bulgarian Lev	1.95583
RON - Romanian New Leu	4.7453

21.4 Interest Rate Fluctuation Exposure

Profile

The Group is subject to cash flow risks which in the case of possible variable interest rates fluctuation, may affect positively or negatively the cash inflows or outflows related to the Group's assets or liabilities. Despite of the fact that we believe that in an environment of prolonged global slowdown, the risk of rising interest rates remains low, the group has entered into Interest Rate Swap (IRS) contracts effectively converting part of the loans from floating to fixed interest rate for a period of 3 to 5 years.

The profile of Group's loan liabilities at the date of the Statement of Financial Position is analysed in paragraph Borrowings.

Sensitivity Analysis of fair value for financial instruments with a variable interest rate

A 1% fluctuation of the Group's borrowing rate at December 31, would increase (decrease) equally the Net Equity and the Operating Results by € 1.467,46 thousand for the year 2019 and € 1.349 thousand for the year 2018.

Sensitivity Analysis of fair value for financial instruments with a fixed interest rate

No such Instruments (Assets/Liabilities) valued at fair value through income statement exist.

21.5 Fair value of financial instruments

The carrying amounts of the financial instruments of assets and liabilities (i.e. trade and other receivables, cash and cash equivalents, trade and other payables, derivative financial instruments, borrowings and finance leases) approximate their fair value. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date. The fair values of the financial instruments as of 31 December 2019 represent management's best estimate. In situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Group's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Group based on the best information available in the circumstances.

The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities;
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;
- Level 3: Assets or liabilities prices that are not corroborated by market data.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, trade and other receivables, trade and other payables accounts: the carrying amounts approximate their fair value either due to the short maturity of these instruments or because there is no foreign currency risk exposure.

- Borrowings: The carrying amount approximates their fair value mainly due to the fact that they bear interest at floating rates and are denominated in local currency.
- Derivative financial instruments: The valuation method was determined by taking into consideration all factors in order to determine precisely fair value, such as the current and the prospective interest rates trend and the duration and falls into level 2 of the fair value hierarchy.

Within the year, there were neither moving between levels 1 and 2 nor moving inside and outside level 3 during the measurement of fair value. Moreover, within the same year, there was no change in the purpose of any financial asset which would lead to a different classification of this asset.

21.6 Capital Management

The primary objective of the Group's capital management is to ensure and maintain strong credit ratings and healthy capital ratios in order to support the investment projects and maximizing the return of invested capital for the shareholders.

The Group monitors its capital management through the use of a gearing ratio - net debt divided by equity plus net debt - where net debt includes interest bearing loans and borrowings minus cash. The Group's strategic objective is to maintain the above ratio between 30% and 45%. On 31/12/2019 the ratio stood at 33% (2018: 35%).

22. Borrowings

Borrowings for the year 2019 and 2018 are analyzed as follows:

	Group	
	31/12/2019	**31/12/2018**
Non - current loans	**112.255**	**122.481**
Current portion of non-current loans and borrowings	7.638	9.117
Non - current loans	104.617	113.365
Short term loans for working capital	16.991	11.387
Total loans and borrowings	**129.246**	**133.868**

The Company had no loan liabilities on 31/12/2019 and on 31/12/2018.

The repayment period of non - current loans varies between 1 to 6 years and the average weighted interest rate of the Group's non - current loans was 3,75% during the period 1/1 – 31/12/2019 (1/1 – 31/12/2018: 3,97%), while the average weighted interest rate of the Group's total loans was 7,25% during the period 1/1 – 31/12/2019 (1/1 – 31/12/2018: 10,18%). Repayments and proceeds of loans of the current period amounted to € 31.539 thousand (2018: € 40.341 thousand) and € 44.458 thousand (2018: € 32.347 thousand) respectively. Non - current loans, including their part which is payable within 12 months, cover mainly the Group's growth needs and are analyzed in bond, syndicated and other non - current loans as follows:

31/12/2019		**Amount**	**Issuing Date**	**Duration**
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	11.374	23/4/2019	5,5 years from the issuing date (€2.168 th. payable forthcoming period)
		11.374		
TRADE LOGISTICS A.E.B.E.	Bond	5.350	8/3/2017	5 years from the issuing date (€600 th. payable forthcoming period)
		5.350		
HOUSE MARKET BULGARIA EAD	Syndicated	11.103	11/7/2016	9 years from the issuing date (€1.960 th. payable forthcoming period)
		11.103		
INTERSPORT A.E	Bond	25.313	28/7/2017	5 years from the issuing date (€1.920 th. payable forthcoming period)
	Bond	4.953	31/3/2018	5 years from the issuing date (payment at maturity date)
		30.266		
HOUSEMARKET A.E.	Bond	39.702	4/10/2016	5 years from the issuing date
	Bond	14.461	26/2/2019	5 years from the issuing date (€991 th. payable forthcoming period)
		54.163		
Total		**112.255**		

31/12/2018		Amount	Issuing Date	Duration
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	2.386	17/3/2011	5 years from the issuing date (€1.139 th. payable forthcoming period)
	Bilateral	600	30/3/2016	3,5 years from the issuing date (€600 th. payable forthcoming period)
	Bilateral	1.350	30/3/2016	6 years from the issuing date (€600 th. payable forthcoming period)
		4.336		
TRADE LOGISTICS SA	Bond	5.950	8/3/2017	5 years from the issuing date (€600 th. payable forthcoming period)
		5.950		
RENTIS SA	Bond	8.250	19/7/2017	3 years from the issuing date (payment at maturity date)
		8.250		
HOUSE MARKET BULGARIA AD	Syndicated	32.228	11/7/2016	9 years from the issuing date (€4.257 th. payable forthcoming period)
		32.228		
INTERSPORT SA	Bond	27.186	28/7/2017	5 years from the issuing date (€1.920 th. payable forthcoming period)
	Bond	5.000	28/7/2018	5 years from the issuing date (payment at maturity date)
		32.186		
HOUSEMARKET SA	Bond	39.531	4/10/2016	5 years from the issuing date
		39.531		
Total		**122.481**		

Non –current loans include:

The bond loan issued by the company HOUSEMARKET S.A. of five-year maturity. The Bond Loan, was disposed through a public offering between 28th and 30th of September 2016 in Greece by cash payment and the available 40 million bearer bonds were issued on 6/10/2016 for trading in the Fixed Income Securities Category of the regulated market of Athens Stock Exchange. The loan is subject to Greek law, has a five year maturity date with fixed interest rate 5% per year and quarterly interest payment. Direct costs of the bond loan issue amounted to € 853 th., of which € 43 th. have been

allocated within the year 2016, € 171 th. within the year 2017, € 171 th. within the year 2018, € 171 th. within the year 2019, € 171 th. will be allocated within 12 months of the year 2020 and € 126 th. within the next years.

The syndicated loan of the company TRADE ESTATES BULGARIA EAD of amount € 17.500 th. with issuing date 5/12/2019 and duration 5 years since the issuing date (€ 2.400 th. payable in forthcoming period) which was reclassified (Note 9).

Short term loans of the Group include current loans and overdraft bank accounts which are used for the Group's working capital needs. The amounts drawn are used mainly to cover current obligations to suppliers.

During the current period, Interest Rate Swaps or IRSs continue to exist, in order to mitigate the risk of subsidiaries of a sudden increase in interest rates in the interbank market.

The terms of the swap agreements are as follows:

- 7year financial product (IRS) that hedges interest rate risk through the exchange of fixed/ floating rate for nominal amount of 15,06 million euros, with a negative fair value for HOUSE MARKET BULGARIA AD on 31/12/2019 of € 126 thousand (31/12/2018: € 241 thousand). The outcome of the valuation has been registered in the Statement of Comprehensive Income.
- 7year financial product (IRS) that hedges interest rate risk through the exchange of fixed/ floating rate for nominal amount of 10,04 million euros, with a negative fair value for TRADE ESTATES BULGARIA EAD on 31/12/2019 of € 194 thousand (31/12/2018: € 0 thousand). The outcome of the valuation has been registered in the Statement of Comprehensive Income.

Some of Group's loans include loan covenants. On 31/12/2019 the Group was either in compliance with its loan terms or had received waiver in their measurements.

The Group, having centralized its capital management, has the ability to directly identify, quantify, manage and hedge, if necessary, its financial risks created by its operational activities so as to be consistent to the changes in the economic environment. The Group continuously observes and budgets its cash flow and acts appropriately in order to ensure open credit lines for covering current capital needs. The Group has adequate open credit lines with domestic and foreign financial institutions in order to cover the needs of the companies in working capital. On 31/12/2019, the open balance of credit lines amounted to € 90 million.

23. Leasing Liabilities

The liability that the Group and Company recognized upon the first implementation of IFRS 16 on 1/1/2019 is analyzed as follows: amount of € 123.379 th. and amount of € 1.618 th. respectively.

On 31/12/2019, leasing liability for the Group and Company is analyzed as follows:

	Lease liabilities	
	Group	Company
	31/12/2019	31/12/2019
Initial Recognition	(123.379)	(1.618)
Additions	(9.398)	(90)
Other changes	984	4
Interest expense on lease liabilities	(5.303)	(65)
Repayment of leasing	19.877	325
Total	**(117.219)**	**(1.445)**

The impact from the adoption of IFRS 16 in retained earnings at Statement of Financial Position of the Group on 31/12/2019 amounted to € 2.244 th. (1/1/2019: €0).

Maturities of leasing liabilities are presented below:

	Group 31/12/2019
Up to 1 year	15.448
Between 1-5 years	51.950
More than 5 years	49.821
Total	**117.219**

24. Other Non-Current Liabilities

Other Non-Current Liabilities ara analyzed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Received Guarantees	171	179	23	23
Government Grants	0	4.331	0	0
Reserve for IRS	126	241	0	0
Total	**296**	**4.751**	**23**	**23**

25. Trade and other payables

Trade and other payables are analyzed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Trade payables	56.649	76.049	276	143
Accrued expenses	8.529	8.816	537	676
Other payables	4.902	4.951	107	81
Taxes liability	11.974	11.373	218	219
Customers advances	2.718	1.768	0	0
Insurance Organizations	2.934	2.786	203	167
Total	**87.706**	**105.743**	**1.342**	**1.285**

Decrease in payables of the Group is mainly due to the payment of suppliers liabilities based on agreed credit terms.

26. Income taxes

The nominal tax rates in the countries that the Group is operating vary between 10% and 24% for the year 2019, as follows:

Country	Income Tax Rate (31/12/2019)	Income Tax Rate (31/12/2018)
Greece (*)	24,0%	29,0%
Romania	16,0%	16,0%
Bulgaria	10,0%	10,0%
Cyprus	12,5%	12,5%
Turkey	22,0%	20,0%

(*) According to article 22 of L. 4646/2019, the income tax rate from business operation for legal entities decreased at 24% for the period ended on 31/12/2019 (29% 31/12/2018). Income from business operatin will be taxed in accordance with the current tax rate 24% for the next tax years after 2019.

On 31/12/2019 the impact of the change of future tax rates, on other comprehensive income of the Group, amount to € 494 th. loss and for the Company amount of € 28 th. loss.

The parent company and its subsidiaries have not been audited by the tax authorities for the years noted below:

COMPANY	YEARS
FOURLIS HOLDINGS SA	2014 – 2019 (*)
INTERSPORT ATHLETICS SA	2014 – 2019 (*)
GENCO TRADE SRL	2007 – 2019
GENCO BULGARIA EOOD	2017 – 2019
TRADE LOGISTICS SA	2014 – 2019 (*)
HOUSEMARKET SA	2014 – 2019 (*)
HM HOUSEMARKET (CYPRUS) LTD	2014 – 2019
HOUSE MARKET BULGARIA AD	2013 – 2019
RENTIS SA	2014 – 2019 (*)
INTERSPORT ATHLETICS (CYPRUS) LTD	2006 – 2010 and 2012 – 2019
WYLDES LTD	2012 – 2019
INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş.	2019

Assosiate companies have not been audited by the tax authorities for the years noted below:

COMPANY	YEARS
VYNER LTD	2011 – 2019

COMPANY	YEARS
VYNER LTD	2011 – 2019
SW SOFIA MALL ENTERPRISES LTD	2015 – 2019

(*) For the fiscal years 2011, 2012 and 2013 all companies of the Group located in Greece, have been subjected to tax audit by Certified Audit Accountants in compliance with the provisions of Article 82 par. 5 of Law 2238/1994 and for the fiscal years 2014, 2015, 2016 and 2017 in compliance with the provisions of Article 65 a of Law 4174/2013 and received a Tax Compliance Certificate for fiscal years 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018 while tax audit for the fiscal year 2019 is in progress. Upon completion of the audit, the Management of the Company and Group does not expect any significant liabilities to occur, other than those recorded in the Financial Statements. The years 2011, 2012 and 2013 are integrated while, integration of years 2014 and 2015 is implemented based on POL 1124/2015.

The income tax expense for the year 2019 and the relative year 2018 is as follows:

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Income tax	**(2.552)**	**(2.551)**	**0**	**0**
Deferred Taxes:				
Differences of fixed assets	(217)	(670)	1	2
Provisions for employee benefits (IAS 19)	88	101	10	14
Effect of changes on tax rates	(494)	230	(28)	(99)
Differences from the application of IFRS 16	670	0	7	0
Provisions	(1.289)	(2)	(860)	0
Deferred tax from tax loss recognition	(3.812)	(1.287)	(461)	0
Total Deferred taxes	**(5.054)**	**(1.628)**	**(1.332)**	**(84)**
Income Tax Expense	**(7.606)**	**(4.179)**	**(1.332)**	**(84)**

The reconciliation between the nominal tax rate and the effective tax rate is analyzed as follows:

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Profit Before Taxes	**19.539**	**18.470**	**4.532**	**3.534**
Income tax based on nominal tax rate	(4.689)	(5.356)	(1.088)	(1.025)
Tax rate differences	1.717	2.770	0	0
Tax on tax free income	30	0	1.488	1.450
Tax on non deductible expenses	(553)	(429)	0	0
Tax on tax losses	809	(1.388)	(1.065)	(425)
Proportionate tax on non recognized profit	(3.743)	0	0	0
Miscellaneous timing differences	(1.177)	224	(666)	(84)
Tax in statement of comprehensive income	**(7.606)**	**(4.179)**	**(1.332)**	**(84)**

Miscellaneous timing differences include the amount of € (494) th. (31/12/2018: € 230 th.) for the

Group and € (28) th. (31/12/2018: € (99) th.) for the Company, regarding the effect of taxes due the change in tax rates.

Deferred taxes on 31/12/2019, which are presented in the Statement of Comprehensive Income and compose income due to valuation of cash flow hedging at the fair value amount to € 8 th. (31/12/2018: € 10 th.) and income due to defined benefits plans amount to € 184 th. (31/12/2018: € 11 th.) for the Group. Deferred taxes on 31/12/2019 which are presented in the Statement of Comprehensive Income due to defined benefits plans for the Company, amount to € 23 th. (31/12/2018: € 6 th.)

Deferred taxes as at 31 December 2019 and 31 December 2018 which appear in other Financial Statements are analysed as follows:

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Liabilities:				
Depreciation Difference	32	518	0	0
Employee retirement benefits (IAS 19)	0	(183)	0	0
Personnel expenses provision	0	(17)	0	0
Reclass of Revenue account	0	8	0	0
Bond interest accruals	0	82	0	0
Provision Expenses	17	(241)	0	0
Impairment on reserves	0	(18)	0	0
Total	**49**	**150**	**0**	**0**
Assets:				
Depreciation calc. difference	(1.852)	(3.737)	8	7
Employee retirement benefits (IAS 19)	1.354	938	153	125
Stock devaluation	120	196	0	0
Provisions	363	415	11	25
Provision for doubtful debts	899	944	0	0
Deferred income tax	1.136	5.370	0	480
Fixed assets revaluation	0	(290)	0	0
Reclass of Revenue account	181	0	0	0
Differences from the application of IFRS 16	666	0	7	0
Total	**2.867**	**3.837**	**178**	**637**

Deferred income taxes result from temporary differences between assets and liabilities tax recognition and financial statements composition.

On 31/12/2019, the Group had accumulated carried forward tax losses in its subsidiaries on part of which a provision was made for deferred tax asset of amount € 1.597 thousand (31/12/2018: € 5.370 thousand) as the Management considered that the recognition criteria were met. For the part of tax losses on which a deferred tax asset has been recognized, the Management estimates that they will be covered against taxable profits before their expiration date.

Given that some of the Group companies have not been audited by the tax authorities for a few years, as mentioned above, it is considered by the Group that adequate provisions for current and future tax audit differences have been made. On 31/12/2019, the cumulative Group's provision for unaudited tax years amounts to € 114 thousand (€ 114 th. on 31/12/2018) and to € 20 thousand for the Company as at 31/12/2019 (€ 20 th. on 31/12/2018) which is displayed in Income Tax Payable.

27. Earnings/Losses per share

The basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares during the period. The weighted average number of shares as at 31 December 2019 is 52.004.961 (31/12/2018: 51.807.314).

	Group	
	1/1 - 31/12/2019	**1/1 - 31/12/2018**
Profit / (Loss) after tax attributable to owners of the parent	11.933	14.291
Number of issued shares	52.004.961	51.807.314
SOP Impact	648.300	608.759
Effect from purchase of own shares	0	0
Weighted average number of shares	**52.653.261**	**52.416.073**
Basic Earnings / (Losses) per Share (in Euro)	0,2295	0,2758
Diluted Earnings / (Losses) per Share (in Euro)	0,2266	0,2726

28. Treasury Shares

On 31/12/2019, the Company does not hold any treasury shares but a treasury shares program is in force following the resolution of the General Assembly of 14/6/2019. More specifically, for the acquisition of treasury (own) shares, the following terms and conditions must be applied: a) the maximum possible number of shares which can be acquired is 2.590.365 shares (5% of the paid share capital), b) the approval of the General Assembly applies for a time period of 24 months and c) the minimum acquisition limit is set at € 1,00 per share and the maximum acquisition limit at € 8,00.

29. Commitments and Contingencies

29.1 Commitments

Commitments of the Group on 31/12/2019 are:

- The parent Company has issued letters of guarantee for its subsidiaries guaranteeing liabilities amounting to € 70.642 th.
- The parent Company has issued letters of guarantee for indirect subsidiaries guaranteeing liabilities amounting to € 20.484 th.
- The parent Company has contracted as a guarantor with the amount of € 2.100 th. for future leases and loan liabilities from investment of an associate company.
- The parent Company has issued guarantee over third company to secure loan, amounting to € 2.500 th.

- A subsidiary company of the Group mortgage its property to secure a bond loan amounting to € 45.372 th.
- A subsidiary company has provided fluctuating guarantee on assets until the amount of € 13.000 th. to secure bilateral loans.

29.2 Operating Lease

Group as Lessor

The future leasing contracts of the Group as a lessor are as below:

	Group		Company	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Up to 1 year	1.210	1.090	0	0
Between 1-5 years	3.340	3.608	0	0
More than 5 years	2.749	2.441	0	0
Total	**7.299**	**7.139**	**0**	**0**

29.3 Litigation

There are no litigation or arbitration proceedings as well as resolutions of judicial institutions that might have a material impact on the assets of the Group's companies.

30. Related parties

Related parties of the Group include the Company, subsidiary and associated companies, the management and the first line managers. The parent company provides advice and services to its subsidiaries in the areas of IT, HR, financial planning and controlling, treasury and social responsibility.

The analysis of the related party receivables and payables as at 31 December 2019 and 2018 are as follows:

		Group		Company	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018
Receivables from:	HOUSE MARKET SA	0	0	6.488	5.250
	H.M. HOUSE MARKET (CYPRUS) LTD	0	0	26	17
	INTERSPORT SA	0	0	654	851
	INTERSPORT (CYPRUS) LTD	0	0	3	5
	RENTIS SA	0	0	2	2
	GENCO TRADE SRL	0	0	21	156
	GENCO BULGARIA	0	0	6	12
	HOUSE MARKET BULGARIA AD	0	0	37	43
	INTERSPORT ATLETIK	0	0	675	504
	TRADE LOGISTICS SA	0	0	24	23
	VYNER	140	140	0	0
	TRADE STATUS SA	111	119	111	118
	SOFIA SOUTH RING MALL AED	6	0	0	0
	SW SOFIA MALL ENTERPRISES LTD	94	96	0	0
	TOTAL	**351**	**355**	**8.047**	**6.980**

		Group		Company	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018
Payables to:	INTERSPORT SA	0	0	3	0
	TRADE LOGISTICS SA	0	0	1	1
	TRADE STATUS SA	1	1	0	0
	SOFIA SOUTH RING MALL AED	0	3	0	0
	Management members	60	38	60	38
	TOTAL	**60**	**42**	**64**	**39**

Related party transactions as at 31 December 2019 and 2018 are as follows:

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Revenue	64	95	4.424	4.288
Other income	17	0	1.149	1.080
Dividends	0	0	6.200	5.000
Total	**81**	**95**	**11.773**	**10.368**

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Administrative expenses	234	(241)	13	12
Distribution expenses	0	(0)	0	(0)
Total	**234**	**241**	**13**	**12**

Transactions and fees of management members for the years 2019 and 2018 are as follows:

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Transactions and fees of management members	2.747	2.515	572	568

There are no other transactions between the Group and the Company with the management. The transactions with related parties are arm’s length and include mainly sales and purchases of goods and services under the context of the ordinary operation of the Group.

31. Transactions with Subsidiaries

During financial years 2019 and 2018, between the parent company and its subsidiaries the following transactions occurred:

	Group		Company	
	1/1 - 31/12/2019	1/1 - 31/12/2018	1/1 - 31/12/2019	1/1 - 31/12/2018
Revenue	46.950	41.308	4.361	4.193
Cost of sales	32.567	29.146	0	0
Other income	2.385	2.245	1.145	1.080
Administrative expenses	5.109	9.072	12	11
Distribution expenses	11.659	5.293	0	0
Other operating expenses	0	43	0	0
Dividends	8.200	8.000	6.200	5.000

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Trade receivables	19.470	14.586	7.936	6.861
Inventory	281	281	0	0
Creditors	19.470	14.586	4	1

The Group has issued letters of guarantee for its subsidiary and associated companies guaranteeing liabilities. The analysis of such letters of guarantee is disclosed in which appears in Note «Commitments and Contingencies».

32. Subsequent events

There are no other subsequent events that may significantly affect the financial position and results of the Group other than the following:

- those mentioned in Note 6 of the Annual Report and are related to the exercise of stock options of the Stock Option Plan,
- the Group carefully monitors the events regarding the spread of coronavirus, in order to adjust in the special conditions arising exclusively for the treatment and restriction of spread of coronavirus COVID-19. There is a plan for the going concern of its operation in compliance with the exisitng

legislation. Under tis context, precautious measures are taken for the safety of its employees, is prepared for the implementation of its going concern plan as well as it monitors and complies with obligations as enforced by the official instructions of the competent authorities on a national level. Given that the phenomenon is in full swing, its quantitave and qualitative consequences on the Group's operation are under assessment and will be presented in the Interim Financial Statements. Finally, the portfolio management service determines, estimates and hedges the financial risks and provides guidance for the managemtn of this specific risk, so as to provide protection to the investors.

Web site for the publication of the Annual Financial Statements

The Annual Financial Report of the Group (Consolidated and Separate), The Independent Auditors Report and the Board of Directors Report for the year 2019 has been published by posting on the internet at the web address http://www.fourlis.gr. At the same web address, all Annual Financial Statements, Audit Reports and Board of Directors Reports of the companies which are consolidated and they are not listed and which cumulatively represent a percentage higher than 5% of consolidated revenues or assets or operating results after the deduction of minority shares proportion, are published.